Westfield

Westfield Holdings Annual Report 1999

WESTFIELD

Westfield Shoppingtown Valley Fair, San Jose, California

1999

Westfield Holdings Limited
ACN 001 671 496

Westfield Holdings Limited is one of the world's largest shopping centre companies. We are a fully integrated shopping centre group with expertise in every aspect of the shopping centre business.

Westfield Holdings acts as a developer, architect, builder, property manager and funds manager for a $16.7 billion portfolio of shopping centre assets that comprise 5.6 million square metres of retail space and include 11,900 retail businesses in 80 shopping centres – 29 in Australia, 39 in the United States, 11 in New Zealand and one in Malaysia.

The market capitalisation of Westfield Holdings as at 30 June 1999 was $4.9 billion.

CHAIRMAN'S REVIEW

As the twentieth century draws to a close, it gives me great pleasure to state that Westfield Holdings is a strong and dynamic organisation, ready to face the challenges of the future.

FROM OUR SIMPLE BEGINNINGS as a small Sydney company we now have a market capitalisation of $4.9 billion. We manage 80 shopping centres with a combined value of $16.7 billion, containing 5.6 million square metres of retail space, with 11,900 retailers generating $21.5 billion in retail sales. It is the continual expansion of this base of managed assets that has provided unbroken profit growth for our 39 year history, with profits for 1998-99 up 23.2% on last year's result to $126.5 million.

An investment of $1,000 in Westfield shares in 1960 would be worth approximately $86.7 million today (assuming all dividends and other benefits were invested in additional Westfield shares).

Why have we been able to achieve these results?

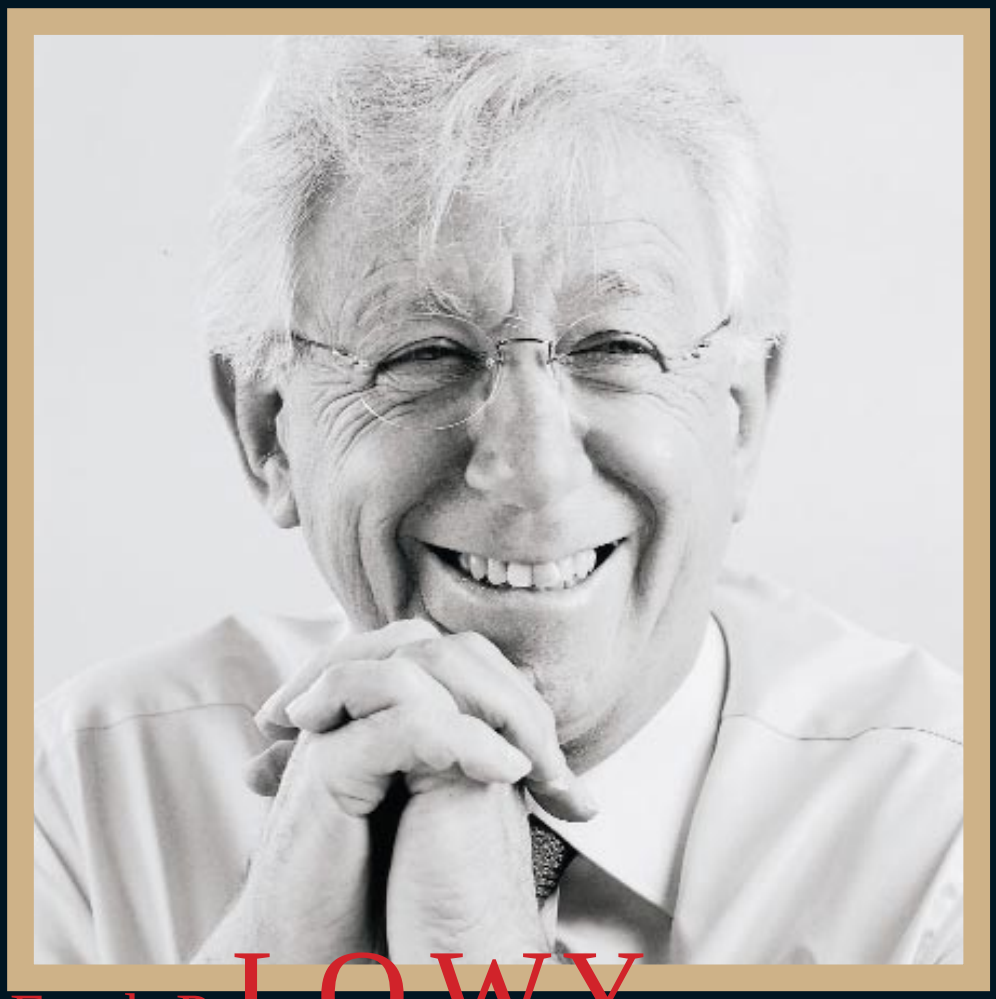
Because we have a micro-management style combined with entrepreneurial flair which, given the nature of the shopping centre industry, has enabled us to apply our skills to create a franchise for both Westfield Holdings and the shopping centres we manage.

For the future we have a clearly defined strategy to continue growing our profits. Our growth will come from three areas:

First, we will continue to maximize the opportunities that arise to improve returns from the existing asset base that we manage.

Changes in the way people live, in their social lives and working lives – less time, higher incomes through dual-wage families, more single person households, higher density city and suburban living – all these things have led to increasing demand for the choice, convenience and entertainment that shopping centres offer.

Communities are changing quickly and the shopping centres that serve them have to change quickly too if they are to remain relevant and continue to produce good returns. We find that every seven to ten years a redevelopment is necessary to revitalise what we are offering and capitalise on the increased demand for retail space which results from increasing demands from shoppers.



Frank P LOWY AO

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CHAIRMAN'S REVIEW

Over the next five years we have a $4.5 billion program to redevelop many of the centres we manage to capitalise on the opportunities presented by this demand.

Second, we will continue to look for opportunities to expand the shopping centre asset base we manage in the US, Australia and New Zealand.

The company has grown dramatically over the years through this strategy, the most recent example being Westfield America, Inc.'s purchase of 11 shopping centres from TrizecHahn in the United States completed during this financial year.

Thirdly, we are evaluating further geographical expansion into new markets. While there is still substantial potential to grow our business in our existing markets – particularly in the US - we have the capacity to move further afield.

That expansion, however, will depend on finding the right opportunities. We intend to be very selective and to give our investigations the time and effort necessary to make the best choices.

So, we are very proud of our past successes and, with clear strategies in place, we are confident of the future.

Our business, however, is certainly not without challenges. We see two issues that require careful attention over the coming years.

The first is the internal issue of maintaining our micro-management style, which has been important to our success, while we continue to grow the business.

This is not a new challenge. Less than ten years ago the company had $3 billion of shopping centre assets under management. Today the management portfolio has grown more than fivefold and our results prove our capacity to capitalise on that growth.

As we grow into the future, however, we must continue developing our management team and enhancing the structures that support a company of our size with its growth aspirations.

The other issue we are focused on is the Internet and the growth of e-commerce. We have a dual strategy for dealing with this challenge based on promoting our competitive advantages.

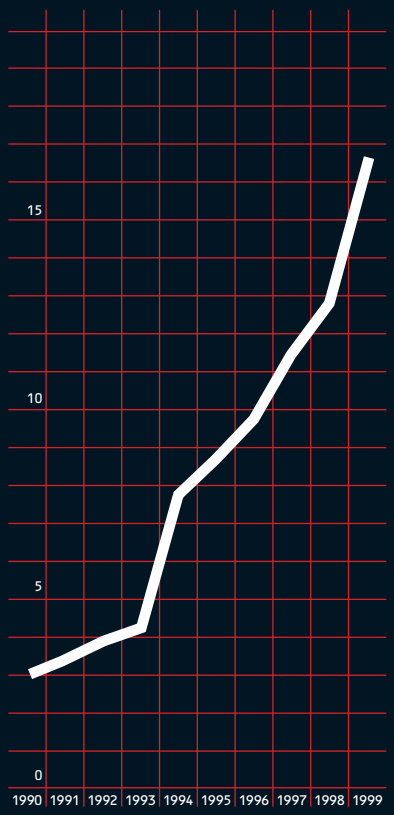
Ultimately, we are in the "out of home" shopping business. We provide more than just a place to shop. Our centres have a dynamic entertainment and lifestyle dimension and we plan to maximise this competitive advantage over all forms of "home" shopping, attracting more people into our centres.

Plus, we believe we can apply our expertise in retail development to the world of e-commerce itself.
Our view is that the Internet will expand the market for retail goods and provide us with a way of integrating the benefits that it offers with our own natural advantages. We plan to build our own Internet site to replicate what we do in the real world - which is to aggregate retailers in one place, under the Westfield brand so they can access more customers and sell more product. We believe we can use the Internet to enhance our business through the integration of the site and the shopping centres we manage.
With each challenge that shopping centres have faced over the years, Westfield has gone from strength to strength by demonstrating an ability to respond and adapt so that the demand for our product continues to grow.
The collective expertise and experience in our team makes us confident of the future. At almost 40 we are a youthful and energetic organisation, intent on maintaining our leading position in the industry.

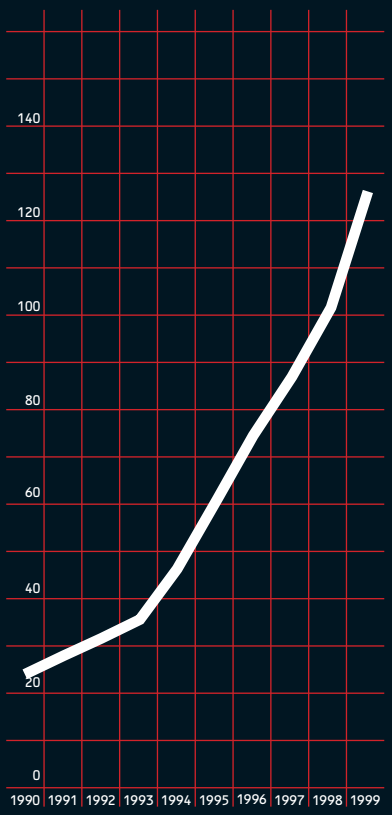
I believe we have an outstanding team of people and that there are excellent opportunities for us to expand our business profitably into the next century.

FP Lowy AO
CHAIRMAN

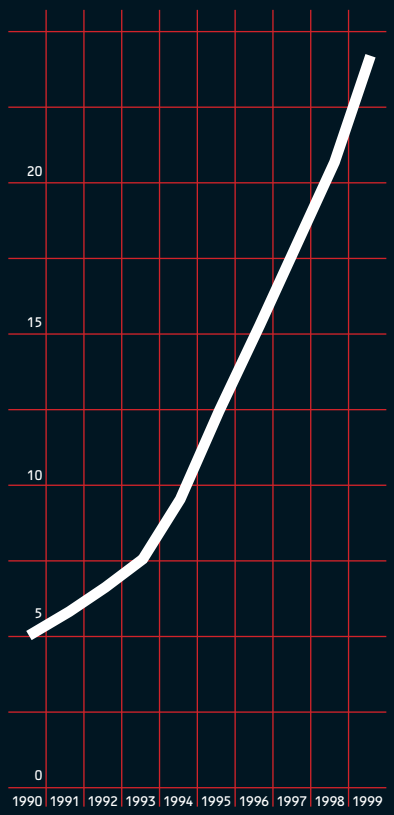
RESULTS



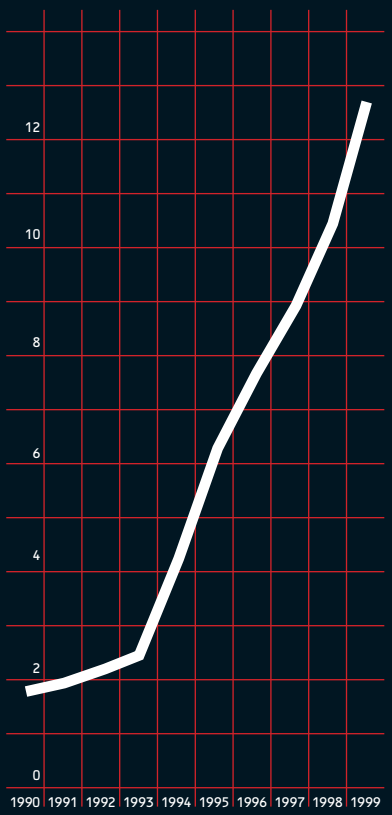
ASSETS UNDER MANAGEMENT $billion



PROFIT AFTER TAX $million



EARNINGS PER SHARE cents



DIVIDENDS PER SHARE cents

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DIRECTORS' REVIEW

The Directors have pleasure in presenting the annual report and accounts of Westfield Holdings Limited and its subsidiaries for the year ended 30 June 1999.

FINANCIAL RESULTS

WESTFIELD HOLDINGS ACHIEVED a profit after tax for the year to 30 June 1999 of $126.5 million, up 23.2% on last year's result of $102.6 million. This was the 39th consecutive profit increase since the Westfield Group listed in 1960.

Financial highlights for the year included:

- Earnings per share on a fully diluted basis were 24.35 cents up 20.3%, on last year.
- The dividend pay-out for the year, including the final dividend of 6.69 cents per share paid on 30 September, was 12.28 cents per share, up 18.1% on last year's dividend of 10.40 cents. The dividend continues to be 60% franked.
- Earnings before interest and tax (EBIT) increased by 22.9% from $164.4 million to $202.0 million this financial year.
- Profit before tax increased by 22.1% from $138.0 million to $168.5 million this financial year.
- Sales revenue for 1998-99 was $782.9 million, an increase of 41.2% on the previous year's figure of $554.5 million.

Westfield is moving into its 40th year with confidence, achieving strong results from all key areas of the business.

Other highlights for the year included:

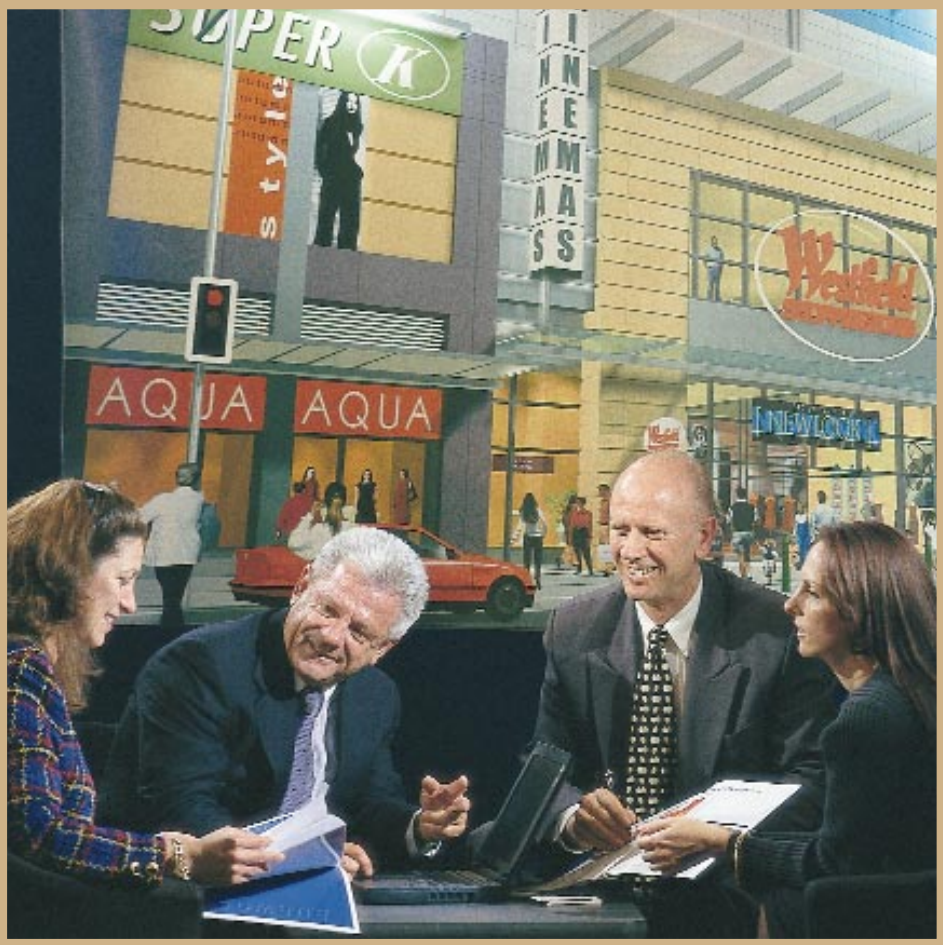
- consolidation of the large development program in Australia and groundwork laid for extensive programs in the United States and New Zealand;
- integration of the shopping centres purchased from TrizecHahn in the US into the Group's management portfolio;
- establishment of the "Westfield Shoppingtown" brand throughout the US operations;
- increased presence in New Zealand following Westfield Trust becoming the major shareholder in the St Lukes Group.

REDEVELOPMENT

Constructing the two level retail bridge across the Nepean Highway at Wesfield Shoppingtown Southland, Melbourne Victoria

Creating redevelopment projects that respond to changing consumer needs has been at the heart of Westfield's business for close to 40 years. Remodelling, extending and transforming a shopping centre while it remains fully operational is a complex, multi-disciplinary process. It requires skill, energy and expertise. Whether it is the careful mix of negotiating and engineering skills necessary to get a two level retail bridge across an eight lane highway; or whether it is the creative mix of design and management skills necessary to develop new concepts in customer service, Westfield teams work in-house, sharing their expertise on the ground and around the world, to get the job done.

RETAILER RELATIONSHIPS



Introducing new retailers to Westfield at the 'Face to Face' leasing expo in Sydney

Retailers are our number one customers. Westfield has long-term relationships with some of the world's most successful retailers like Nordstrom, The May Company and The Gap in the US, and Coles-Myer, Woolworths and David Jones in Australia. There are 11,900 retailers in our shopping centres under management and we continually work to build new relationships with new retailers at the cutting edge of emerging retail trends. We want every retail business in a Westfield Shoppingtown to succeed. So we work closely with retailers – particularly the small businesses that are the majority of our stores in Australia and New Zealand – to provide marketing programs, training and advice to help their businesses grow.

DIRECTORS' REVIEW

MEETING GROWING DEMAND

Westfield's ongoing redevelopment program for the shopping centres under management is designed to capitalise on the opportunities provided by changes in work, social and cultural patterns in the community. Shopping centres need to keep pace with the communities they serve in terms of their size, retail offer, customer services, entertainment opportunities, safety and convenience.

In **Australia**, redevelopment projects worth $1.3 billion were underway at Westfield Shoppingtowns Chatswood and Burwood in Sydney; Chermside in Brisbane; Southland and Airport West in Melbourne; Carousel in Perth; and Arndale in Adelaide.

Burwood was one of Westfield's first shopping centres and opened in 1966. In January 1999 it was demolished and building commenced on a new shopping centre which, on completion in late 2000, will include five major stores, around 230 specialties and a ten-screen cinema complex and food court.

The new Burwood Shoppingtown will be twice the size of the original and is forecast to achieve three times the sales and four times the income for Westfield Trust unitholders, from the same site.

A development highlight for 1999 was the opening of *The Street*, a new entertainment and leisure concept that is stage one of the Southland project. *The Street* reflects Westfield's philosophy on the benefits of merging retail with entertainment to create a total out-of-home experience to boost sales for the whole shopping centre. The synergy between retail and entertainment is working extremely well at Southland with retailers trading ahead of expectations. In the first half of the 1999-2000 financial year, *The Street at Carousel* will open in Perth, Western Australia, as this new concept is rolled out to selected centres across Australia.

Three projects were completed during the year involving redevelopments at Indooroopilly and Strathpine in Brisbane; and Belconnen in Canberra. Planning is advancing for the major redevelopments of Westfield Shoppingtowns Fountain Gate in Melbourne, and Hornsby and Bondi in Sydney.

DIRECTORS' REVIEW

In the **United States**, with the integration of the shopping centre portfolio acquired from TrizecHahn in the second half of 1998, Westfield America, Inc. became the biggest shopping centre owner in California and the fourth largest regional mall real estate investment trust (REIT) in the US overall.

The majority of the shopping centres under management are clustered into six key regional markets which has facilitated branding the shopping centres as Westfield Shoppingtowns. Westfield's branding strategy is supported by regional advertising campaigns, signage and consistent customer service programs across the portfolio.

During the year, Westfield America progressed the US$1.3 billion (A$2.0 billion) redevelopment program for its portfolio. The program includes four major redevelopments - of these, Westfield Shoppingtown Valley Fair (San Jose, California) commenced during this financial year; West County (St Louis, Missouri) is due to commence during the 1999-2000 financial year with Wheaton (Wheaton, Maryland) and Topanga (Los Angeles, California) in advanced planning.

Five smaller projects were completed during the year: Westfield Shoppingtowns Eastland (West Covina, California); Mission Valley West (San Diego, California); South Shore (Bayshore, New York); Enfield (Enfield, Connecticut); and the first stage of Annapolis (Maryland).

In addition to Valley Fair, five projects are currently underway - Mid Rivers and Crestwood in St Louis, Missouri; Connecticut Post and Meriden in Connecticut; and the second stage of Annapolis in Maryland which will have a new leisure and entertainment precinct.

In **New Zealand**, Westfield is working with the St Lukes Group to plan a NZ$500 million (A$400 million) development program designed to increase the market penetration of the shopping centres and introduce new concepts in lifestyle and entertainment retailing for New Zealand shoppers. The first major project is a NZ$100 million redevelopment of Glenfield which will be the largest shopping centre on Auckland's north shore. This program also includes the Queensgate Shopping Centre in Lower Hutt, Wellington, purchased in April for NZ$135 million, which will be expanded into a regional shopping centre.

THE WESTFIELD BRAND

Westfield Shoppingtown UTC, San Diego, California

Westfield is synonymous with shopping in Australia. Westfield Chairman Frank Lowy has been recognised by the International Council of Shopping Centres as a pioneer in the shopping centre industry for establishing the world's first shopping centre brand. And this year Westfield became the first shopping centre company in United States to brand its malls. With our centres clustered into thriving regional retail markets, Westfield media, advertising and community events are working to build awareness of the name and what it represents. And that is a commitment to a quality shopping experience, to customer service and to the community.

LEISURE & LIFESTYLE

The Street, Westfield Shoppingtown Southland, Melbourne, Victoria

Cinemas and food courts have long been enhancing the shopping centre experience. With an increasing proportion of household income spent on leisure, however, Westfield is expanding the model. We are creating leisure and lifestyle precincts that not only draw more customers for the entertainment, but result in increased traffic and vibrancy through the whole centre. *The Street* at Westfield Shoppingtown Southland in Melbourne, Victoria, is the latest in our new generation leisure and entertainment precincts. It features sidewalk style dining, three new-technology cinema complexes – mainstream, Gold Class and arthouse – a choice of bars, cafes and restaurants, plus lifestyle retailers with music, books and sporting goods. It's a complete shopping and entertainment experience and early results show it's just what our customers wanted.

DIRECTORS' REVIEW

PERFORMANCE OF WESTFIELD MANAGED ENTITIES

The three property entities managed by Westfield Holdings Limited – Westfield Trust, Westfield America Trust and Westfield America, Inc. – all performed strongly during the twelve months to 30 June 1999. Over this period:

- Westfield Trust increased distributions to unitholders by 17.8% from $250.4 million to $294.9 million. This represented growth in earnings per unit of 3.6%, with the growth in the six months to June 1999 accelerating to 4.1%.

- Westfield America Trust recorded a profit after tax (excluding abnormal items) of A$103.3 million, an increase of 30.4% over the previous year. The increase in earnings per unit was 18.6% with the second half's growth stronger once again at 25.7%.

- Westfield America, Inc. recorded earnings (described in the US as funds from operations) of US$160.3 million, an increase of 26.5% over 1997-98. This represented a 6.4% increase in earnings per share.

RETAILER RELATIONSHIPS

Westfield's success is linked to the success of the retailers renting space in the shopping centres. Therefore, strong, on-going relationships with some of the world's best retailers have always been a priority for Westfield.
In the US, our multi-centre presence in some key regional markets provides a convenient entrance to those markets for retail chains needing several outlets to make their expansion into new markets cost effective.
In Australia and New Zealand - where a much larger proportion of retailers in the shopping centres are small to medium sized businesses – additional retailer education and consultancy services are now integral to our operation to ensure a focus on quality retailing and quality customer service.
In 1999 Westfield hosted its third US Retail Study Tour and second Australian Retail Study Tour which harnessed the strength of our relationships with major retailers in the US and Australia to our retailer education program.

DIRECTORS' REVIEW

There were 42 Australian and New Zealand participants in the US study tour this year which was designed to provide retailers with an opportunity to experience and learn from US retailing excellence. Presentations and seminars were conducted by representatives of major retailers such as The Gap and Bloomingdales, and a highlight of the tour was a presentation and workshop on Internet retailing by Ernst & Young in Chicago.

There were 20 New Zealand retailers in the Australian study tour delegation this year. The group visited Westfield Shoppingtowns Marion in Adelaide, Southland and Doncaster in Melbourne and Parramatta and Miranda in Sydney. The tour included workshops on both macro and micro retailing issues.

WORKING IN THE COMMUNITY

At the heart of the Westfield Shoppingtown brand is the Westfield tradition of providing the highest quality retail shopping experience, exceptional customer service and a strong commitment to the community.

To emphasise our contribution to the communities in which we operate, Westfield launched its branding of the US shopping centres with a major charity event in November 1998. Westfield Works Wonders, which was trialed in November 1997, was rolled out to all shopping centres in the US on the Sunday night before Thanksgiving, launching the holiday shopping season, creating additional sales for retailers and raising money for local charities.

The shopping centres opened from 7pm to 10pm and entry tickets were sold through charities. Along with shopping, the centres offered special entertainment, food and promotions. The event produced more than US$5 million in incremental sales for retailers and the 1,500 local charities involved shared approximately US$1 million raised on the night.

In Australia, our commitment to the community is expressed through the Westfield Foundation which continues to support national programs in the areas of medical research, sport, the arts, education and conservation.

For example, the Foundation is supporting a three year project to rebuild the research laboratories at the Sydney Children's Hospital and is the principal sponsor of the junior development program for the Bangara Dance Theatre, Australia's major indigenous dance company.

GLOBAL EXPANSION

Riccarton Mall, Christchurch, New Zealand

Increasing the geographic spread of our business is a major growth strategy for Westfield. In late 1998 Australia's Westfield Trust became the major shareholder in New Zealand's premier shopping centre portfolio owned by St Lukes. Westfield Holdings has been manager of the portfolio since April 1997. The St Lukes shopping centres have a lot of opportunity to increase their penetration into local markets. They have good potential for redevelopment and Westfield is working closely with St Lukes to plan a range of projects that will bring leisure, entertainment and a broader range of retailers to our shoppers in New Zealand. During 1998 Westfield also set up an office in London to begin assessing the opportunities for our future growth into Europe.

INTENSIVE MANAGEMENT

Managing billions of dollars in shopping centre assets for investors around the world is a challenge that Westfield meets with an equal mix of big-picture vision and attention to detail. The Westfield philosophy has produced an intensive style of management common to every Westfield-managed property. It results in a more convenient and attractive shopping experience for customers, a more dynamic and competitive commercial environment for retailers and increasing returns for investors. And it has provided Westfield Holdings shareholders with increased returns over 39 consecutive years.

DIRECTORS' REVIEW

A key event for the year was the Foundation's support for the National Aboriginal Sports Corporation's hunt for an Australian Tiger campaign – a development program for young Aboriginal golfers. The organisation first approached Westfield for a $20,000 donation. Instead, the Foundation arranged what has become Australia's premier corporate golf day and raised $100,000 for young Aboriginal golfers. The number of golfers in the program has increased from 40 to more than 150 and two have already become trainee professionals.

These are a few of the 27 national programs supported by the Westfield Foundation which will be extending its work through all of the shopping centres in Australia over the next 12 months.

WESTFIELD PEOPLE

The Group's continued success reflects the effort, dedication and skill of the Westfield team.

Westfield has close to 40 years experience in the shopping centre business. Our proprietary expertise is the result of the creativity and commitment of Westfield people over all of those years. Our processes and procedures are being continually updated and improved as we expand and take in new people who apply their energy to the task.

Westfield Holdings has around 2,640 staff overall, including more than 480 executive staff. They work in a wide range of disciplines including finance and administration, marketing, design and construction, development, leasing and shopping centre management.

Westfield's 50 most senior executives have an average age of 48 years and over eleven years average service with Westfield.

They lead teams of talented people who are the reason for our success – Westfield will only ever be as good as its people.

As the business expands internationally, the pool of knowledge and ideas Westfield has to draw from is increasing as well – as are the opportunities for Westfield people to grow, learn and develop their expertise. The cross-fertilisation of information and innovation is an important part of our ability to keep on top of fast changing trends in the business. Westfield will continue to work hard to attract and retain high quality professionals and to enhance our management structures to support our growth aspirations.

The Directors acknowledge the contribution of staff to the Company's success and thank them for the efforts over the past year.

DIRECTORS' REVIEW

DIRECTORATE

In accordance with the Articles of Association, F.G. Hilmer AO, P.S. Lowy and D.R. Wills AO will retire by rotation at the coming Annual General Meeting and, being eligible, offer themselves for re-election.

AUDITORS

The Company's auditors, Greenwood Challoner & Co, merged with Deloitte Touche Tohmatsu on 1 May 1999. Consequently Deloitte Touche Tohmatsu undertook the audit of the Company's accounts for the year ended 30 June 1999.
Deloitte Touche Tohmatsu has indicated its intention to resign as the Company's auditor to take effect at the Annual General Meeting to be held on 11 November 1999. Ernst & Young has been nominated by a shareholder of the Company for appointment as the Company's auditor at the Annual General Meeting.

FUTURE OUTLOOK

The Group's business is underpinned by strong demand from retailers for space, driven in turn by strong demand from shoppers for the convenience, choice and entertainment on offer at Westfield Shoppingtowns.
There are ongoing opportunities for expanding in our existing markets in the US, Australia and New Zealand and the Group has the capacity to grow even further by taking our expertise into new markets.
With the benefits of experience, a strong team of people and a solid underlying business, the Directors are confident that, barring unforeseen circumstances, the Company will achieve further profit growth in the coming year.

FINANCIAL HIGHLIGHTS 1999

Year ended 30 June		1999	1998	change (%)
Profit before tax	*$ million*	**168.5**	138.0	+22%
Profit after tax	*$ million*	**126.5**	102.6	+23%
Earnings per share	*cents*	**24.6**	20.8	+18%
Dividend per share	*cents*	**12.3**	10.4	+18%
Shareholders' funds	*$ million*	**492***	500	-2%
Total assets	*$ million*	**1,315**	1,184	+11%
Assets under management	*$ billion*	**16.7**	13.2	+27%

* Shareholders' Funds at 30 June 1999 has been reduced by $100.5 million following the initial application of the equity method of accounting to the Group's investments in associates.

MANAGEMENT PORTFOLIO

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MALAYSIA 26
NEW ZEALAND 26
UNITED STATES 27

WESTFIELD CENTRE

SHOPPING CENTRE	NO. OF RETAILERS/ TENANTS	AREA (M^2)	OWNERSHIP STATUS	MAJOR STORES AND SPECIAL FEATURES
AUSTRALIA				
NEW SOUTH WALES				
Bondi Junction (including Bondi Carousel)	210	89,800	50% Westfield Trust 50% AMP	David Jones, Grace Bros, Woolworths, cinema complex, office towers
Burwood (being rebuilt)*				
Chatswood (being rebuilt)*	295	53,100	100% Westfield Trust	Grace Bros, Target, Franklins Fresh, Coles, Toys 'R' Us, Rebel Sport, Lincraft, food court, Spring Street Food Market, retail bridge to Grace Bros, Hoyts 6-cinema complex
Eastgardens	209	64,100	Westfield Holdings Headlease	David Jones, Kmart, Target, Franklins, Coles, Hoyts 6-cinema complex, food court, fresh food market, public library, office tower
Figtree	80	20,200	100% Westfield Trust	Kmart, Coles, Franklins
Hornsby/Northgate	178	48,100	100% Westfield Trust	Grace Bros, Kmart, Coles, Franklins
Hurstville	234	63,500	50% Westfield Trust 50% Axiom Funds Management	Grace Bros, Kmart, Target, Coles, Franklins, Toys 'R' Us, BBC, Best & Less, Greater Union 8-cinema complex, 2 food courts, community child minding centre
Liverpool	216	68,800	50% Westfield Trust 50% Rodamco	Grace Bros, Target, Franklins, Woolworths, Best & Less, Toys 'R' Us, Greater Union 12-cinema complex, food court, fresh food market
Miranda	352	110,400	50% Westfield Trust 50% National Mutual	Grace Bros, David Jones, Target, Big W, Best & Less, Woolworths, Franklins, Toys 'R' Us, Rebel Sport, 2 food courts, fresh food market, Greater Union 8-cinema complex, office tower
Mt Druitt	183	69,900	100% Bankers Trust Australia	Grace Bros, Kmart, Woolworths, Franklins Big Fresh, Coles, Best & Less, food court, fresh food market, Hoyts 8-cinema complex
North Rocks	89	21,800	100% Westfield Trust	Kmart, Coles, Franklins
Parramatta	389	128,800	50% Westfield Trust 50% Rodamco	Grace Bros, David Jones, Target, Kmart, Franklins, Coles, Woolworths, Best & Less, Toys 'R' Us, Rebel Sport, Village 8-cinema complex, 2 food courts, fresh food market, office tower
Tuggerah	154	59,000	100% Westfield Trust	David Jones, Big W, Target, Woolworths, Franklins Big Fresh, Best & Less, Greater Union 8-cinema complex, food court, library
Warrawong	139	41,900	100% Westfield Trust	Big W, Kmart, Coles, Franklins, Best & Less, Hoyts 6-cinema complex, food court, fresh food market, library

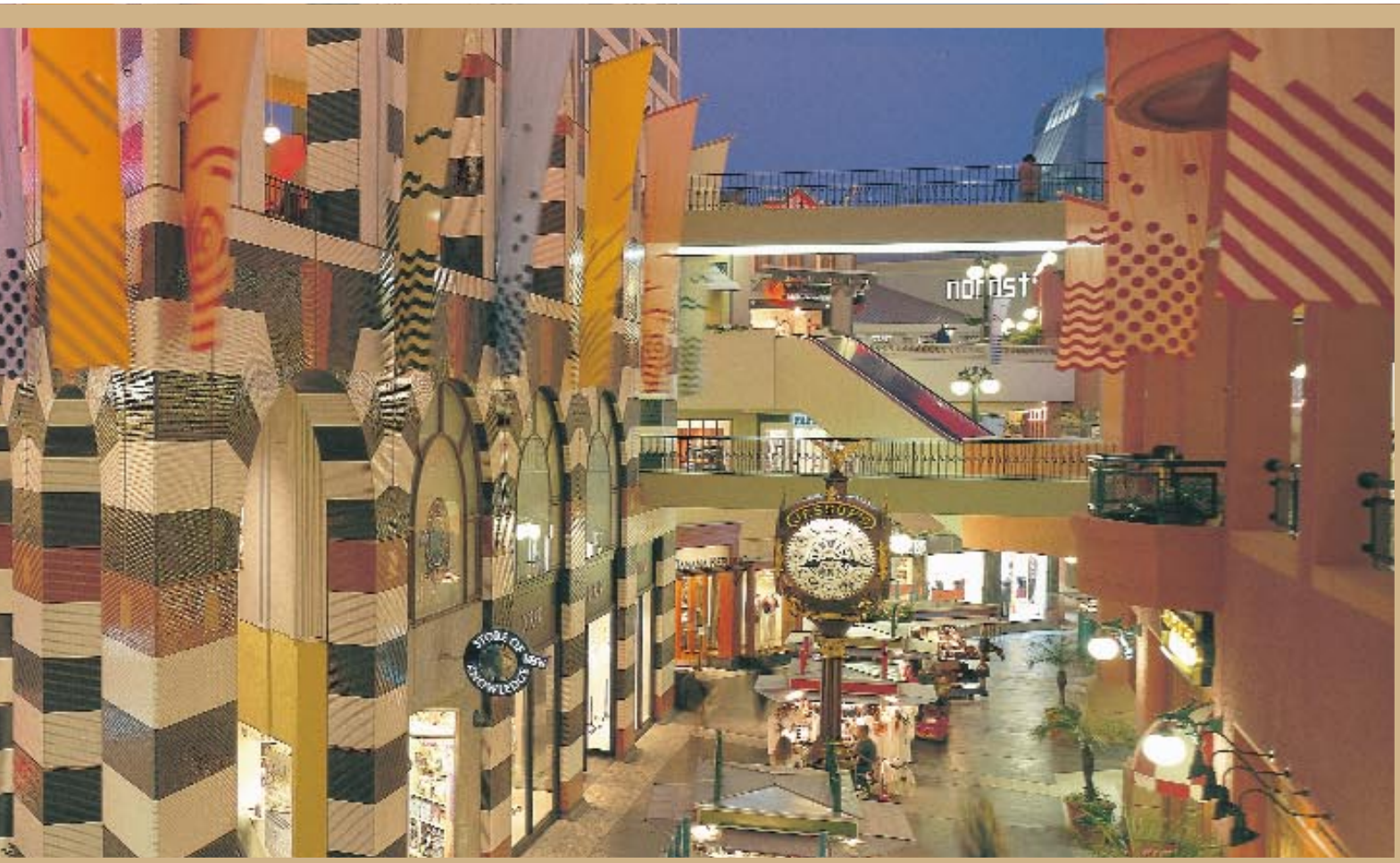
* Centre under redevelopment – data reflects completed project

SHOPPING PORTFOLIO

SHOPPING CENTRE	NO. OF RETAILERS/ TENANTS	AREA (M^2)	OWNERSHIP STATUS	MAJOR STORES AND SPECIAL FEATURES
VICTORIA				
Airport West*	168	46,100	100% Westfield Trust	Kmart, Target, Coles, Franklins Fresh, Bi-Lo Mega Fresh, Best & Less, Village 8-cinema complex, food court, office tower
Doncaster	235	59,400	100% Westfield Trust	Myer, Kmart, Coles, Franklins Big Fresh, food court, Village Twin cinema complex, library, office tower
Fountain Gate	184	67,400	100% Westfield Trust	Kmart, Target, Coles, Safeway, food court, Jewel Rainbow, Baby Target, office suites
Southland*	396	131,500	50% Westfield Trust 50% AMP	Myer, David Jones, Target, Kmart, Big W, Harris Scarfe, Safeway, Coles, Franklins Fresh, Billy Guyatt, food court, fresh food market, Village 16-cinema complex
QUEENSLAND				
Chermside*	243	75,500	100% Westfield Trust	Myer, Target, Coles, Kmart, Bi-Lo Mega Fresh, BCC 16-cinema complex, food court
Indooroopilly	291	85,000	50% Westfield Trust 50% CFM	Myer, Target, Kmart, Woolworths, Franklins, Best & Less, Toys 'R' Us, food court, fresh food market, BCC 16-cinema complex, library, office tower
Strathpine	160	45,200	100% Westfield Trust	Myer, Big W, Woolworths, Franklins Fresh, Best & Less, food court, BCC 8-cinema complex
Toombul	193	46,700	100% Westfield Trust	David Jones, Kmart, Coles, Bi-Lo Frrresh, Best & Less, BCC 8-cinema complex, food court
SOUTH AUSTRALIA				
Arndale*	110	35,200	50% Westfield Trust 50% CFM	Harris Scarfe, Big W, Bi-Lo Mega Fresh, Woolworths, Greater Union 8-cinema complex.
Marion	312	124,300	50% Westfield Trust 50% CFM	Myer, David Jones, Kmart, Target, Harris Scarfe, Big W, Woolworths, Coles, Rebel Sport, fresh food market, Greater Union 30 Megaplex, food court & restaurants
Tea Tree Plaza (including Tea Tree Plus)	262	93,600	50% Westfield Trust 50% AMP	Myer, Big W, Kmart, Target, Woolworths, Bi-Lo, Coles, food court, fresh food market, Hoyts 9-cinema complex

* Centre under redevelopment – data reflects completed project

Westfield Shoppingtown Horton Plaza, San Diego, California



WESTFIELD CENTRE

SHOPPING CENTRE	NO. OF RETAILERS/ TENANTS	AREA (M^2)	OWNERSHIP STATUS	MAJOR STORES AND SPECIAL FEATURES
AUSTRALIA				
WESTERN AUSTRALIA				
Carousel*	240	81,000	100% Westfield Trust	Myer, Target, Kmart, Woolworths, Coles, Hoyts 16-cinema complex, food court, Best & Less, Harris Scarfe
Galleria	227	72,900	100% Westfield Trust	Myer, Kmart, Target, Woolworths, Coles, Greater Union 8-cinema complex, food court
Innaloo	85	26,700	100% Westfield Trust	Kmart, Target, Coles
ACT				
Belconnen	208	75,900	50% Westfield Trust 50% CFM	Grace Bros, Kmart, Woolworths, Coles, Franklins, Toys 'R' Us, Rebel Sport, Best & Less, Hoyts 10-cinema complex, food court, child care centre
MALAYSIA				
KUALA LUMPUR				
Suria Kuala Lumpur City Centre	323	95,200	10% Westfield Holdings	Isetan Department Store, Parkson Grand, Marks & Spencer, Tanjong Golden Village 13-screen cinema complex
NEW ZEALAND				
AUCKLAND				
Downtown Shopping Centre	78	15,000	100% St Lukes Group	The Warehouse, Rendells, NZ Post, food court, offices
Glenfield Mall	51	17,900	100% St Lukes Group	Big Fresh, Foodtown, Deka, creche
Manukau Shopping Centre	127	36,100	50% St Lukes Group 50% National Mutual Life Association	Farmers, Foodtown, Deka, food court, office building, gymnasium, public library, NZ Post
Shore City Galleria	74	13,100	100% St Lukes Group	Farmers, food court
St Lukes Shopping Centre	126	33,100	100% St Lukes Group	Kmart, Farmers, Big Fresh, Foodtown, food court, fresh food market, creche

* Centre under redevelopment – data reflects completed project

SHOPPING PORTFOLIO

SHOPPING CENTRE	NO. OF RETAILERS/ TENANTS	AREA (M^2)	OWNERSHIP STATUS	MAJOR STORES AND SPECIAL FEATURES
AUCKLAND				
The Plaza, Pakuranga	75	20,400	100% St Lukes Group	Farmers, Foodtown, Deka, two office buildings
WestCity Shopping Centre	92	16,000	100% St Lukes Group	Big Fresh, Farmers, food court
CHRISTCHURCH				
Riccarton Mall	93	29,100	100% St Lukes Group	Kmart, Farmers, Pak 'N' Save, Deka, food court, Preschool, City Council Community Centre
HAMILTON				
Chartwell Square	83	14,500	100% St Lukes Group	Foodtown, Deka, food court
WELLINGTON				
Johnsonville Shopping Centre	56	6,200	50% St Lukes Group 50% Tower Properties Nominees Limited	Centre linked to Countdown Supermarket, food court, office building
Queensgate	68	19,100	100% St Lukes Group	Farmers, Foodtown, Radfords
UNITED STATES				
CALIFORNIA				
Los Angeles				
Eagle Rock	73	43,800	100% Westfield America, Inc.	Robinsons-May, Montgomery Ward
Eastland	36	72,000	100% Westfield America, Inc.	Mervyn's, Target, Ross Dress for Less, Office Depot, Old Navy, Marshall's, Baby's R Us, Loehmann's
Palm Desert*	129	80,700	100% Westfield America, Inc.	Robinsons-May (2), Macy's (2), JC Penney
West Covina	202	109,300	100% Westfield America, Inc.	Robinsons-May, Macy's, Sears, JC Penney
Promenade	79	55,800	100% Westfield America, Inc.	Macy's (2), AMC 16-screen theatre
Topanga	132	97,900	100% Westfield America, Inc.	Nordstrom, Robinsons-May, Sears, Montgomery Ward
Fox Hills	148	82,800	100% Westfield America, Inc.	Macy's, Robinson's-May, JC Penney
Santa Anita	152	102,100	90% Westfield America, Inc.	Nordstrom, Macy's, Robinson's-May, JC Penney

* acquired August 1999

Glassons
WINTER 99
WINTER 99

Riccarton Mall, Christchurch, New Zealand

WESTFIELD CENTRE

UNITED STATES

SHOPPING CENTRE	NO. OF RETAILERS/ TENANTS	AREA (M^2)	OWNERSHIP STATUS	MAJOR STORES AND SPECIAL FEATURES
SAN DIEGO				
Mission Valley	92	127,300	76% Westfield America, Inc.	Robinsons-May, Macy's, Montgomery Ward, AMC 20-screen theatre, Nordstrom Rack, Bed Bath & Beyond
Mission Valley West	15	20,400	76% Westfield America, Inc.	Borders, Old Navy, Gateway, Just for Feet, Golfsmith
North County Fair	172	116,900	100% Westfield America, Inc.	Nordstrom, Robinsons-May (2), Macy's, JC Penney, Sears
Plaza Bonita	140	76,600	100% Westfield America, Inc.	Robinsons-May, JC Penney, Montgomery Ward, Mervyn's
Plaza Camino Real	164	106,600	40% Westfield America, Inc.	Macy's (2), Robinsons-May, Sears, JC Penney
Horton Plaza	133	80,600	100% Westfield America, Inc.	Macy's, Mervyn's, Nordstrom
Parkway Plaza	182	103,100	100% Westfield America, Inc.	Robinson's-May, Sears, JC Penney, Mervyn's
UTC	162	96,200	100% Westfield America, Inc.	Nordstrom, Macy's, Robinson's-May, Sears
CENTRAL & NORTHERN CALIFORNIA				
Downtown Plaza	113	110,900	100% Westfield America, Inc.	Macy's (2)
Oakridge	106	74,200	100% Westfield America, Inc.	Macy's, Sears, Montgomery Ward
Solano	150	96,300	100% Westfield America, Inc.	Macy's, Sears, JC Penney, Mervyn's
Valley Fair	158	105,900	100% Westfield America, Inc.	Nordstrom, Macy's (2)
COLORADO				
Westland	15	43,800	100% Westfield America, Inc.	Sears, Super Kmart
CONNECTICUT				
Connecticut Post	132	72,400	100% Westfield America, Inc.	Filene's, JC Penney, Caldor
Enfield	77	66,500	100% Westfield America, Inc.	Filene's, JC Penney, Sears
Meriden	109	67,800	100% Westfield America, Inc.	Filene's, JC Penney, Sears
Trumbull	166	110,900	100% Westfield America, Inc.	Macy's, Filene's, Lord & Taylor, JC Penney

SHOPPING PORTFOLIO

SHOPPING CENTRE	NO. OF RETAILERS/ TENANTS	AREA (M^2)	OWNERSHIP STATUS	MAJOR STORES AND SPECIAL FEATURES
MARYLAND				
Annapolis	167	104,700	100% Westfield America, Inc.	Nordstrom, Hecht's, JC Penney, Montgomery Ward, Lord & Taylor
Montgomery Mall	174	115,700	100% Westfield America, Inc.	Nordstrom, Hecht's, Sears, JC Penney
Wheaton	138	129,200	100% Westfield America, Inc.	JC Penney, Montgomery Ward, Hecht's
MISSOURI				
St Louis				
Crestwood	143	92,900	100% Westfield America, Inc.	Famous-Barr, Dillard's, Sears
Mid Rivers	164	86,200	100% Westfield America, Inc.	Famous-Barr, Dillard's, Sears, JC Penney
Northwest Plaza	172	168,400	100% Westfield America, Inc.	Famous-Barr, Dillard's, Sears, JC Penney
South County	120	69,700	100% Westfield America, Inc.	Famous-Barr, Dillard's, JC Penney
West County	61	54,300	100% Westfield America ,Inc.	Famous-Barr, JC Penney
Cape Girardeau				
West Park	86	46,400	100% Westfield America, Inc.	Famous-Barr, JC Penney, ShopKo
NEW JERSEY				
Garden State Plaza	280	189,000	50% Westfield Holdings 50% Rodamco	Nordstrom, Macy's, JC Penney, Lord & Taylor, Neiman Marcus
NEW YORK				
South Shore	124	108,400	100% Westfield America, Inc.	Macy's, JC Penney, Sears, Lord & Taylor
NORTH CAROLINA				
Independence Mall	81	64,100	70% Westfield America, Inc.	Belk, JC Penney, Sears
WASHINGTON				
Vancouver	143	80,600	50% Westfield America, Inc.	Nordstrom, Meier & Frank, Sears, JC Penney, Mervyn's
Capital Mall	95	56,000	100% Westfield America, Inc.	JC Penney, Mervyn's, Bon Marche, Lamonts

THE DIRECTORS

Frank P Lowy AO
Chairman
Frank Lowy is Executive Chairman and co-founder of Westfield. He is a Member of the Board of the Reserve Bank of Australia and a Director of Daily Mail and General Trust plc (UK). He is Chairman of the Company's Remuneration Committee.

Robert A Ferguson
Appointed as a Non-Executive Director in 1994, Robert Ferguson holds an Honours Degree in Economics from the University of Sydney and is an Associate of the Securities Institute of Australia. He is Chairman of BT Funds Management. He is a member of the Company's Remuneration Committee.

David M Gonski
Appointed as a Non-Executive Director in 1985, David Gonski holds degrees in law and commerce. He is a solicitor and a principal of Wentworth Associates Pty Ltd. He is Chairman of Morgan Stanley Dean Witter Australia Limited, the Bundanon Trust and President of the Art Gallery of NSW Trust. His other directorships include Coca-Cola Amatil Limited and John Fairfax Holdings Limited. He is a member of the Company's Audit and Compliance Committee.

Frederick G Hilmer AO
Deputy Chairman
Appointed as a Non-Executive Director in 1991 and Non-Executive Deputy Chairman in 1997, Frederick Hilmer holds degrees in Law from the Universities of Sydney and Pennsylvania and an MBA from the Wharton School of Finance. He is Chief Executive Officer of John Fairfax Holdings Limited. Prior to joining Fairfax, he was Dean and Professor of Management at the Australian Graduate School of Management in the UNSW, Chairman of Pacific Power, and a director of a number of companies. He is a member of the Company's Remuneration Committee and Chairman of the Audit and Compliance Committee.

Stephen P Johns
Appointed as an Executive Director in 1985, Stephen Johns holds a Bachelor of Economics degree from the University of Sydney and is an Associate of the Institute of Chartered Accountants in Australia. He joined Westfield in 1970 and was appointed Secretary and subsequently General Manager Finance, prior to becoming Finance Director of Westfield in 1985 and Group Finance Director in 1997. He is a Member of the Council of Governors of Ascham School.

David H Lowy
Appointed as an Executive Director in 1982, David Lowy holds a Bachelor of Commerce degree from the University of NSW. He joined Westfield in 1977 and spent a number of years working in the USA. He was appointed Managing Director in 1987. He is a member of the Board of the Business Council of Australia, and a member of the Royal Children's Hospital for Children President's Council and the Corporate Giving Task Force. He is a member of the Company's Audit and Compliance Committee.

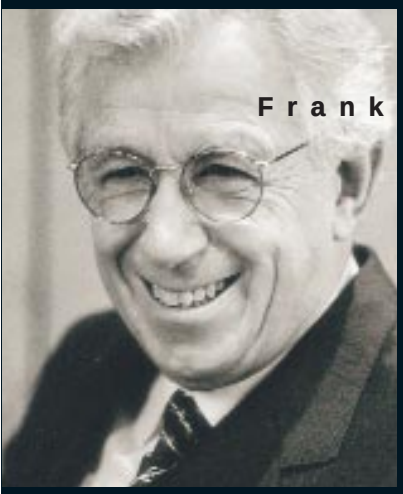
Peter S Lowy
Appointed as an Executive Director in 1987, Peter Lowy holds a Bachelor of Commerce degree from the University of NSW. Prior to joining Westfield in 1983, he worked in investment banking in the USA and UK. He has resided in the USA since 1990 and was appointed Managing Director in 1997.

Steven M Lowy
Appointed as an Executive Director in 1989, Steven Lowy holds a Bachelor of Commerce (Honours) degree from the University of NSW. In 1997, he was appointed Managing Director. Prior to joining Westfield in 1987, he worked in investment banking in the USA for two years. He is a Director of the Victor Chang Cardiac Research Institute.

Dean R Wills AO
Appointed as a Non-Executive Director in 1994, Dean Wills is Chairman of National Mutual Holdings Limited, Deputy Chairman of the Australia Grand Prix Corporation, Director of John Fairfax Holdings Limited, Australia Foundation for Culture and the Humanities Ltd, and Coca-Cola Beverages plc.

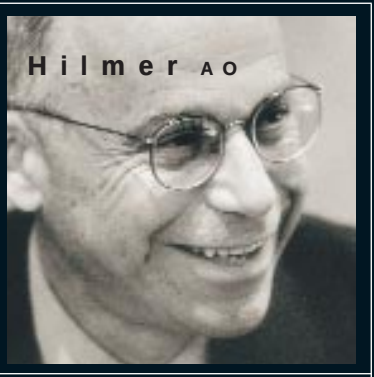
Carla Zampatti AM
Appointed as a Non-Executive Director in 1997, Carla Zampatti is Executive Chairman of the Carla Zampatti Group. She is a Director of McDonald's Australia Limited, British American Tobacco Australasia Limited, Australian Graduate School of Management, and Trustee of the Sydney Theatre Company Foundation Trust.

BOARD OF DIRECTORS

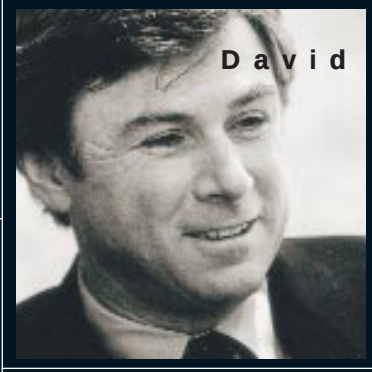


Frank Lowy AO

Carla Zampatti AM

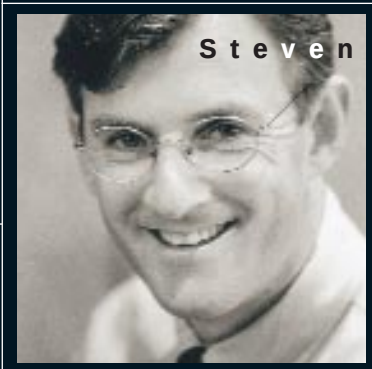


Frederick Hilmer AO

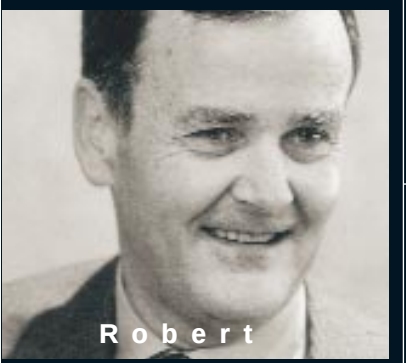


David Lowy

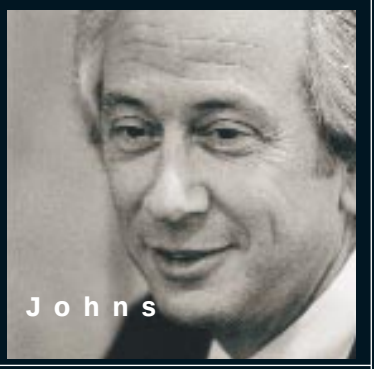
Peter Lowy



Steven Lowy



Robert Ferguson



Stephen Johns

David Gonski

Dean Wills AO

FIVE YEAR FINANCIAL SUMMARY

		1999	1998	1997	1996	1995
Profit after tax	*$ million*	**126.5**	102.6	87.7	74.9	61.5
Dividend paid	*$ million*	**64.3**	52.2	43.8	37.4	30.7
Earnings per share #	*cents*	**24.6**	20.8	17.9	15.3	12.5
Diluted earnings per share #	*cents*	**24.4**	20.2	17.5	15.1	12.4
Dividend per share #	*cents*	**12.3**	10.4	8.9	7.6	6.3
Shareholders' funds	*$ million*	**492**	500	434	374	345
Total assets	*$ million*	**1,315**	1,184	1,263	975	846
Shopping centre assets under management	*$ billion*	**16.7**	13.2	11.8	10.0	9.6

Comparative figures adjusted for the effects of the 5 for 1 share split in November 1997.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999

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BALANCE SHEET
AS AT 30 JUNE 1999

	NOTES	CONSOLIDATED 1999 $000	CONSOLIDATED 1998 $000	PARENT COMPANY 1999 $000	PARENT COMPANY 1998 $000
CURRENT ASSETS					
Cash		**76,256**	51,537	**166**	613
Receivables	7	**32,747**	44,829	**216,642**	206,463
Inventories	8	**38,068**	23,609	**–**	–
Other	9	**38,271**	39,304	**–**	–
TOTAL CURRENT ASSETS		**185,342**	159,279	**216,808**	207,076
NON-CURRENT ASSETS					
Inventories	10	**7,293**	7,293	**308**	308
Investments	11	**953,618**	941,042	**851,818**	841,019
Plant and equipment	12	**93,637**	46,969	**–**	–
Other	13	**75,350**	29,638	**131**	–
TOTAL NON-CURRENT ASSETS		**1,129,898**	1,024,942	**852,257**	841,327
TOTAL ASSETS		**1,315,240**	1,184,221	**1,069,065**	1,048,403
CURRENT LIABILITIES					
Accounts payable	14	**184,829**	166,357	**481**	468
Borrowings	15	**6,350**	26,057	**701,955**	681,204
Provisions	16	**59,782**	38,578	**35,612**	29,226
TOTAL CURRENT LIABILITIES		**250,961**	230,992	**738,048**	710,898
NON-CURRENT LIABILITIES					
Accounts payable	17	**44,126**	37,721	**–**	–
Borrowings	18	**490,019**	380,801	**–**	–
Provisions	19	**38,312**	34,440	**–**	22
TOTAL NON-CURRENT LIABILITIES		**572,457**	452,962	**–**	22
TOTAL LIABILITIES		**823,418**	683,954	**738,048**	710,920
NET ASSETS		**491,822**	500,267	**331,017**	337,483
SHAREHOLDERS' EQUITY					
Share Capital	20	**159,301**	102,185	**152,165**	102,185
Reserves	21	**46,243**	81,195	**53,817**	81,187
Retained Profits		**286,278**	316,887	**125,035**	154,111
TOTAL SHAREHOLDERS' EQUITY		**491,822**	500,267	**331,017**	337,483

The accompanying Notes form an integral part of these Financial Statements.

PROFIT & LOSS STATEMENT

FOR THE YEAR ENDED 30 JUNE 1999

	NOTES	CONSOLIDATED 1999 $000	CONSOLIDATED 1998 $000	PARENT COMPANY 1999 $000	PARENT COMPANY 1998 $000
REVENUE	2	**872,696**	653,982	**39,507**	32,393
OPERATING PROFIT	3	**168,497**	138,034	**35,821**	28,962
INCOME TAX ATTRIBUTABLE TO OPERATING PROFIT	4	**(42,002)**	(35,389)	**(577)**	(523)
OPERATING PROFIT AFTER INCOME TAX		**126,495**	102,645	**35,244**	28,439
OPERATING PROFIT AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE HOLDING COMPANY		**126,495**	102,645	**35,244**	28,439
RETAINED PROFITS AT THE BEGINNING OF THE FINANCIAL YEAR		**316,887**	266,421	**154,111**	177,851
ADJUSTMENT TO RETAINED PROFITS ON ADOPTION OF EQUITY ACCOUNTING FOR ASSOCIATES	1(c)	**(92,784)**	–	**–**	–
TOTAL AVAILABLE FOR APPROPRIATION		**350,598**	369,066	**189,355**	206,290
DIVIDENDS PROVIDED FOR OR PAID	5	**(64,320)**	(52,179)	**(64,320)**	(52,179)
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		**286,278**	316,887	**125,035**	154,111
EARNINGS PER SHARE - Basic	6	**24.55¢**	20.77¢		
EARNINGS PER SHARE - Diluted	6	**24.35¢**	20.24¢		

The accompanying Notes form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 1999

	NOTES	CONSOLIDATED 1999 $000	CONSOLIDATED 1998 $000	PARENT COMPANY 1999 $000	PARENT COMPANY 1998 $000
Receipts from customers		**792,803**	539,977	**68**	71
Payments to suppliers and employees		**(647,770)**	(424,934)	**(3,674)**	(3,011)
Dividends and distributions from associates		**60,330**	–	**–**	–
Other dividends and distributions		**24,948**	76,090	**–**	–
Income tax paid		**(21,535)**	(29,312)	**(770)**	(91)
Refund of United States withholding taxes		**–**	4,161	**–**	–
CASH IN/(OUT) FLOWS FROM OPERATING ACTIVITIES	35	**208,776**	165,982	**(4,376)**	(3,031)
Purchases of plant and equipment		**(56,699)**	(16,202)	**–**	–
Sales of plant and equipment		**445**	737	**–**	–
Purchases of investments		**(125,792)**	(30,634)	**(10,799)**	–
Sales of investments		**–**	14,736	**–**	–
Loans advanced to other entities		**(38,533)**	–	**–**	–
Dividends and distributions received		**56**	188	**33,458**	27,925
CASH IN/(OUT) FLOWS FROM INVESTING ACTIVITIES		**(220,523)**	(31,175)	**22,659**	27,925
Issue of ordinary shares/options		**22,610**	1,571	**22,610**	1,571
Borrowings		**129,002**	–	**10,573**	16,234
Reduction in borrowings		**–**	(268,255)	**–**	–
Interest received		**1,222**	7,838	**5,981**	4,397
Interest paid		**(34,755)**	(33,778)	**–**	–
Interest rate swaps termination		**(3,540)**	(7,462)	**–**	–
Receipts in respect of currency hedging contracts		**885**	2,755	**–**	–
Dividends paid		**(57,894)**	(46,900)	**(57,894)**	(46,900)
CASH IN/(OUT) FLOWS FROM FINANCING ACTIVITIES		**57,530**	(344,231)	**(18,730)**	(24,698)
NET CASH IN/(OUT) FLOWS FOR THE YEAR		**45,783**	(209,424)	**(447)**	196
CASH BALANCE AT BEGINNING OF YEAR		**25,480**	230,572	**613**	417
Exchange gains on cash balance brought forward at the beginning of the year		**(1,357)**	4,332	**–**	–
CASH BALANCE AT END OF YEAR	35	**69,906**	25,480	**166**	613

The accompanying Notes form an integral part of these Financial Statements.

1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

(a) Basis of Preparation

This General Purpose Financial Report has been prepared on the basis of historical cost accounting and does not purport to disclose current values except where indicated in respect of the revaluation of non-current assets. The Financial Statements have been drawn up in accordance with the Corporations Law, applicable Accounting Standards and other mandatory professional requirements, including Urgent Issues Group concensus views. The accounting policies adopted are in all material respects consistent with those applied in the previous years except as otherwise stated. Pursuant to Section 1446 of the Corporations Law and effective 1 July 1998, all amounts standing to the credit of the company's share premium and capital redemption reserve have been included as part of share capital.

(b) Consolidation and Classification

The Consolidated Financial Statements comprise the Financial Statements of the chief entity, Westfield Holdings Limited (Parent Company), and each of its controlled entities ("subsidiaries") as from the date the Parent Company obtains control until such time control ceases. The Parent Company and subsidiaries are collectively referred to as the economic entity known as the Westfield Holdings Limited Group ("Group"). Subsidiaries are detailed in Note 36.

Where entities adopt accounting policies which differ from those of the Group, adjustments have been made so as to achieve consistency with the Group. In preparing the Consolidated Financial Statements all inter-company transactions and balances are eliminated.

On consolidation, assets of the Group are classified according to their nature or function to the Group. The carrying values of assets in individual Group entities are determined in accordance with their value to the Group. It is considered that this presentation properly reflects the carrying value of these assets given the Group acts as one economic entity rather than as individual entities.

By an Order dated 27 June 1997, the Australian Securities Commission (as it then was) made an order relieving the Directors from compliance with the requirement to ensure that the financial years of the Company's United States incorporated subsidiaries Westland Realty, Inc., Westfield Partners, Inc., (formerly known as Westland Partners, Inc.) and Westland Management, Inc. ("the WRI Group") coincide with the financial year of the Company for the years commencing from 1 July 1996 and ending 30 June 1999. Although the financial years of the members of the WRI Group end on 31 December, the Consolidated Financial Statements have been made out so as to include accounts of each such member for a period coinciding with the financial year of the Company, being the year ended 30 June 1999.

Notwithstanding that the financial years of the members of the WRI Group end on 31 December, the Consolidated Financial Statements have been made out so as to include accounts of each such member for a period coinciding with the financial year of Westfield Holdings Limited being the year ended 30 June 1999.

(c) Associated Companies

An associated company is one over which the Group exercises significant influence but not control.

In accordance with AASB 1016 Accounting for Investments in Associates, the Group has for the first time applied the equity method of accounting for associates. The introduction of the equity method of accounting does not have a material effect on the current period's results compared to the cost method.

As a result of the introduction of the equity method of accounting, the carrying value of the Group's investments in associates has been revised from Directors' Valuation to it's proportionate share of the underlying net asset value. This adjustment has been charged to opening retained profits ($92.784 million) and to opening asset revaluation reserve ($7.740 million).

In the previous period, the Group's investment in its associates has been

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999

1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES CONT

accounted for on the cost method. In accordance with AASB 1016, there has been no restatement of the comparative figures from a cost to an equity accounted basis.

(d) Revenue

It is normal for the Group to enter into transactions of a substantial and infrequent nature as part of its core business operations. The impact of such transactions upon the Group's results is not considered to be abnormal or outside the ordinary nature of the operations of the Group and accordingly are included in revenue and operating profit.

(e) Foreign Currencies

Foreign currency transactions are converted to Australian dollars at exchange rates ruling at the date of those transactions.

Amounts payable and receivable in foreign currency at balance date are translated to Australian dollars at exchange rates ruling at that date. Exchange differences arising from amounts payable and receivable are treated as operating revenue or expense in the period in which they arise, except as noted below.

Balance sheets of self-sustaining foreign subsidiaries are translated at exchange rates ruling at balance date and profit and loss statements are translated at average exchange rates for the period. Exchange differences arising on translation of the interests in self-sustaining foreign operations are taken directly to the Exchange Fluctuation Reserve. On consolidation, exchange differences on loans denominated in foreign currencies which hedge net investments in self-sustaining foreign operations are taken directly to Exchange Fluctuation Reserve.

Other exchange differences, costs and premiums on contracts to hedge specific foreign currency denominated transactions, assets or liabilities are brought to account with the underlying transactions, assets or liabilities. Exchange differences, costs and premiums on all other hedge contracts are included as revenue or expense in the period in which they arise.

(f) Derivative and Other Financial Instruments

The Group's activities expose it to changes in interest rates and foreign exchange rates. There are policies and limits approved by the Board of Directors in respect of the usage of derivative and other financial instruments to hedge cashflows subject to interest rate and currency risks. Management reports to the Board on a regular basis as to the monitoring of the policies in place.

The accounting policies adopted in relation to material financial instruments are detailed as follows:

Recognised Financial Instruments

(i) Financial Assets

Investments in Listed and Unlisted Securities

Refer Note 1(g) below.

Receivables

Trade debtors are carried at cost, and are due within 30 days.

Other Loans

Loans are carried at cost. Interest is credited as income on an accruals basis. Terms and conditions are set out in Note 35.

(ii) Financial Liabilities

Accounts Payable

Trade creditors are carried at cost, and are generally payable within 60 days.

Bank and Other Loans

Loans are carried at cost. Interest is charged as an expense on an accruals basis. Terms and conditions are set out in Note 35 (c).

Unrecognised Derivative Financial Instruments

Cross Currency Swaps and Forward Exchange Contracts

The Group enters into cross currency swaps and forward exchange contracts where it agrees to sell specified amounts of foreign currencies in the future at predetermined exchange rates. The objective is to minimise the risk of exchange rate fluctuation in respect of certain foreign currency denominated assets, liabilities, income and expense. The value of the cross currency swaps and forward exchange contracts are brought to account in conjunction with the assets and liabilities as recorded on the

1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES CONT

balance sheet at the end of the financial year, or where applicable the income and expense in the period to which the hedges relate. Terms and conditions are set out in note 26.

The Group only enters into derivative financial instruments to hedge certain underlying assets, liabilities, income and expense. The Group does not trade in derivative financial instruments for speculative purposes. The Group continually reviews its exposures and upgrades its treasury policies and procedures. Revenues or expenses arising from changes in the net market values of hedging instruments are matched and brought to account with the carrying values and income streams of the underlying assets or liabilities.

Interest Rate Swaps

The Group enters into interest rate swap agreements that are used to convert certain variable interest rate borrowings to fixed interest rates. The swaps are entered into with the objective of hedging the risk of interest rate fluctuations in respect of underlying borrowings. Net receipts and payments in relation to interest rate swaps are recognised as interest income and interest expense as appropriate on an accruals basis over the life of the hedges. Terms and conditions are set out in note 26.

Disclosure of Market Values

The applicable market rates, values or prices in respect of derivative and other financial instruments are set out in the notes to these Financial Statements.

(g) Investments

The carrying amount of this class of asset is reviewed annually by the Directors. On the occurrence of an event which is considered to result in the carrying amount being materially in excess of the recoverable amount, the carrying amount is appropriately restated. Where appropriate, the potential effect of any capital gains tax in respect of revalued assets has been taken into account in determining the carrying amount.

In line with the Group's principal activities its material investments are in retail property interests. Investments in retail property take the form of interests in retail property owning companies, partnerships, and trusts. Investments in associated companies are stated at Directors' valuation based on the Group's equity accounted share of those associates' underlying net asset value. Listed investments in entities other than associates are stated at Directors' valuation based principally on their market values. Unlisted investments in entities other than associates are stated at Directors' valuation, based upon acquisition costs or independent valuations, of the Group's interest in the underlying property assets of such entities. The independent valuations were assessed principally upon the capitalisation of net income of the underlying property assets, which are supported by discounting future net cash flows to their present value.

(h) Property Development Projects and Construction Contracts

Property Development Projects are brought to account at the lower of cost and net realisable value. Where appropriate cost includes the cost of acquisition, development, rates, taxes and financing costs incurred during development provided the resultant carrying value does not exceed the expected recoverable amount. Profits are recognised on property sales upon settlement and after contractual duties are completed.

Work in progress represents the value of work actually completed and is assessed in terms of the contract, and provision made for losses, if any, anticipated. Profits are recognised on unconditional construction contracts when construction has reached the stage when the costs to complete are certain. Stage of completion is assessed by independent quantity surveyors. Revenue is recognised on an accruals basis. Progress claims received or receivable are deducted from the carrying value.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999

1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES CONT

(i) Income Tax

Tax effect accounting has been adopted, whereby income tax expense has been calculated on pre-tax accounting profits after adjusting for permanent taxation differences. The tax effect of timing differences which occur where items are assessed or deducted for income tax purposes in a period different to that for accounting, where appropriate, is shown in Provision for Deferred Income Tax and Future Income Tax Benefit, as applicable, at taxation rates applicable when such timing differences are expected to reverse.

(j) Depreciation and Amortisation

Assets are depreciated or amortised over their estimated economic lives using the straight line method from the date of acquisition or from the time the asset is ready for use. The estimated economic lives of items in the asset class plant and equipment is 3 to 15 years.

(k) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property, and operating leases under which the lessor effectively retains all such risks and benefits. Operating lease payments are charged to the profit and loss account in the periods to which they relate.

(l) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank, short term money market deposits and bank accepted bills of exchange readily convertible to cash, net of bank overdrafts and short term loans.

(m) Employee Entitlements

The liability to employees' entitlements to wages, salaries and annual leave is accrued to balance date, based on the Group's present obligation to pay resulting from service provided. The liability to employees' entitlements to long service leave is provided to balance date based on the estimated future cashflows to be paid by the Group resulting from service provided.

(n) Rounding

Pursuant to ASIC Class Order 98/100, the amounts shown in the Financial Report have, unless otherwise indicated, been rounded to the nearest thousand dollars.

(o) Comparative Figures

Where applicable, certain comparative figures are restated in order to comply with the current year's presentation of the Financial Statements.

	CONSOLIDATED		PARENT COMPANY	
	1999 $000	1998 $000	**1999 $000**	1998 $000
2 REVENUE				
Trading Operations				
Property Development and Construction	**647,372**	443,002	**–**	–
Property Investment and Management	**135,520**	111,521	**68**	71
Share of Associates' Net Profit (Note 30)	**64,162**	–	**–**	–
Share of Profit from Partnerships	**22,635**	19,483	**–**	–
Trust Distributions	**5**	26,865	**–**	
Dividends				
- from Subsidiaries	**–**	–	**33,458**	27,844
- from Other Corporations	**51**	28,487	**–**	81
Interest Income				
- from Subsidiaries	**–**	–	**5,981**	4,387
- from Other Corporations	**1,216**	7,603	**–**	10
Proceeds on Realisation of Non-Current Assets	**445**	15,473	**–**	–
Other Revenue	**1,290**	1,548	**–**	–
	872,696	653,982	**39,507**	32,393
3 OPERATING PROFIT				
Operating Profit includes the following credits/(charges):				
Amortisation and Depreciation	**(11,098)**	(8,763)	**–**	–
Interest and Borrowing cost				
- Other Corporations	**(34,706)**	(36,028)	**–**	–
Rental Charges - Operating leases	**(23,972)**	(22,908)	**–**	–
Foreign Exchange (Loss)/Gain	**(183)**	(1,989)	**–**	–
4 INCOME TAX				
The prima facie tax expense on operating profit reconciles to the income tax expense in the financial statements as follows:				
Prima facie tax calculated at 36% of operating profit	**(60,660)**	(49,692)	**(12,896)**	(10,426)
Tax effect of:				
Non deductible items charged to revenue	**(785)**	(854)	**–**	(2)
Non assessable items credited to revenue	**465**	–	**–**	–
Differential tax rates of foreign operations	**21,523**	16,301	**–**	(350)
Timing differences not recognised	**(2,554)**	(1,472)	**122**	–
Prior year overprovision/(underprovision)	**–**	262	**152**	202
Rebate on dividend income	**9**	66	**12,045**	10,053
Income tax expense attributable to operating profit	**(42,002)**	(35,389)	**(577)**	(523)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999

	CONSOLIDATED		PARENT COMPANY	
	1999 $000	1998 $000	**1999 $000**	1998 $000
5 DIVIDENDS				
Dividends declared and unpaid				
Current year final				
60% Franked dividends – ordinary	**35,038**	28,612	**35,038**	28,612
Dividends paid during the year				
Current year interim				
60% Franked dividends – ordinary	**29,276**	23,567	**29,276**	23,567
Prior year final				
60% Franked dividends – ordinary	**28,612**	23,334	**28,612**	23,334
The tax rate at which the above dividends have or will be franked is 36%.				
Franking credits for the subsequent financial year are:				
– franking account balance as at the end of the financial year.	**1,240**	14,328	**202**	108
– franking credits that will arise from the payment of income tax payable as at the end of the financial year.	**40,240**	21,645	**1,020**	1,369
Franking credits available for distributions	**41,480**	35,973	**1,222**	1,477
– franking debits that will arise from the payment of dividends declared subsequent to the end of the financial year.	**(21,023)**	(34,733)	**(21,023)**	(34,733)
– franking credits that will arise from payment of dividends by subsidiaries.	**–**	–	**40,258**	33,458
Franking credits available for future distributions	**20,457**	1,240	**20,457**	202

6 EARNINGS PER SHARE				
Basic	**24.55¢**	20.77¢		
Diluted	**24.35¢**	20.24¢		

Basic earnings per share is calculated by dividing the consolidated operating profit after tax by the weighted average number of ordinary shares on issue during the financial year.

Diluted earnings per share is calculated by dividing the consolidated operating profit after tax in respect of the relevant financial period as adjusted for earnings arising from proceeds on issue of potential ordinary shares by the weighted average number of ordinary and potential ordinary shares outstanding during the financial year.

The weighted average number of ordinary shares for the financial year was 515,166,990 shares, (1998: 494,156,425). Potential ordinary shares include unexpired options exercisable into ordinary shares. At 30 June 1999 there were 10,790,000 (1998: 20,425,000) unexpired options on issue of which 9,629,705 (1998: 20,425,000) were considered to be dilutive.

	CONSOLIDATED		PARENT COMPANY	
	1999 $000	1998 $000	**1999 $000**	1998 $000
CURRENT ASSETS				
7 RECEIVABLES				
Trade debtors	**32,794**	45,657	**–**	–
Less: Provision for doubtful debts	**(47)**	(828)	**–**	–
	32,747	44,829	**–**	–
Amounts due from subsidiaries	**–**	–	**216,642**	206,463
	32,747	44,829	**216,642**	206,463
8 INVENTORIES				
Property Development Projects:				
Acquisition cost of properties	**1,358**	1,358	**–**	–
Construction Contracts:				
Work in progress	**540,462**	334,654	**–**	–
Less: Progress payments received	**(480,581)**	(277,251)	**–**	–
Progress payments receivable	**(23,171)**	(35,152)	**–**	–
	36,710	22,251	**–**	–
	38,068	23,609	**–**	–
9 OTHER CURRENT ASSETS				
Prepayments, sundry debtors and advances	**38,271**	39,304	**–**	–
NON-CURRENT ASSETS				
10 INVENTORIES				
Property Development Projects:				
Acquisition cost of properties	**7,293**	7,293	**308**	308
11 INVESTMENTS				
Investments at Directors' valuation 1999 (1998)	**953,618**	941,042	**851,818**	841,019
Details of this class of asset:				
Listed entities:				
Based on equity accounted share of underlying net assets of associates, (refer note 30)	**681,588**	–	**–**	–
Quoted value $657.733M				
Based on expected recoverable amounts	**2,797**	666,121	**–**	–
Quoted value $2.958M				
Unlisted entities:				
Based on independent valuation prepared by Landauer Associates, Inc. - 1997	**268,733**	264,421	**–**	–
Based on expected recoverable amounts	**500**	10,500	**500**	500
Shares in subsidiaries:				
Based on expected recoverable amounts	**–**	–	**851,318**	840,519
	953,618	941,042	**851,818**	841,019

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999

	CONSOLIDATED		PARENT COMPANY	
	1999 $000	1998 $000	**1999 $000**	1998 $000
12 PLANT AND EQUIPMENT				
Plant and equipment	**120,493**	75,552	**–**	–
Less: Provision for depreciation	**(26,856)**	(28,583)	**–**	–
	93,637	46,969	**–**	–
13 OTHER NON-CURRENT ASSETS				
Prepayments, sundry debtors and deposits	**30,477**	13,863	**–**	–
Loans	**38,533**	–	**–**	–
Future income tax benefit	**6,340**	15,775	**131**	–
	75,350	29,638	**131**	–
CURRENT LIABILITIES				
14 ACCOUNTS PAYABLE				
Trade creditors and accruals	**142,434**	113,018	**–**	–
Sundry creditors and accruals	**42,395**	53,339	**481**	468
	184,829	166,357	**481**	468
15 BORROWINGS				
Bank overdrafts	**6,350**	3,057	**–**	–
Bank loans - Unsecured	**–**	23,000	**–**	–
Amounts owing to subsidiaries	**–**	–	**701,955**	681,204
	6,350	26,057	**701,955**	681,204
16 PROVISIONS				
Dividends	**35,038**	28,612	**35,038**	28,612
Taxation	**24,744**	9,749	**574**	614
Other	**–**	217	**–**	–
	59,782	38,578	**35,612**	29,226
NON-CURRENT LIABILITIES				
17 ACCOUNTS PAYABLE				
Sundry creditors and accruals	**44,126**	37,721	**–**	–
18 BORROWINGS				
Bank loans - Unsecured	**291,477**	182,259	**–**	–
Loans - Secured	**198,542**	198,542	**–**	–
	490,019	380,801	**–**	–

Refer Note 35(c) for terms and conditions in respect of the Group's financing facilities.

	CONSOLIDATED		PARENT COMPANY	
	1999 $000	1998 $000	**1999 $000**	1998 $000
19 PROVISIONS				
Employee entitlements	**7,010**	5,953	**–**	–
Deferred income tax liability	**31,302**	28,487	**–**	22
	38,312	34,440	**–**	22
SHAREHOLDERS' EQUITY				
20 SHARE CAPITAL				
Issued and fully paid:				
523,740,598 Ordinary Shares (1998 510,926,346 Ordinary Shares of $0.20 each)	**159,301**	102,185	**152,165**	102,185

Pursuant to Section 1446 of the Corporations Law and effective 1 July 1998, all amounts standing to the credit of the Company's share premium and capital redemption reserve have been included as part of share capital.

During the financial year 12,814,252 (1998: 375,000) Ordinary Shares were allotted, for cash consideration totalling $22.610 million (1998: $1.571 million), following the exercise of executive incentive scheme options over 12,814,252 (1998: 375,000) unissued Ordinary Shares.

Options

Pursuant to executive option schemes established in accordance with the Listing Rules of the Australian Stock Exchange Limited and approved by Shareholders at General Meetings, options over 3,685,000 (1998: 1,875,000) unissued Ordinary Shares were issued for no consideration during the financial year.

Details of options outstanding at the end of the financial year over unissued Ordinary Shares including their expiration dates and exercise prices, are as follows:

EXPIRATION DATE	EXERCISE PRICE PER OPTION	NUMBER ON ISSUE **1999**	1998
4 March 1999	$1.762	**–**	12,750,000
12 April 1999	$1.738	**–**	50,000
22 November 1999	$1.672	**200,000**	200,000
2 May 2000	$2.096	**200,000**	200,000
23 June 2000	$2.246	**105,000**	150,000
24 August 2000	$2.322	**2,750,000**	2,775,000
4 September 2000	$2.552	**25,000**	25,000
22 September 2000	$2.890	**50,000**	50,000
2 November 2000	$2.842	**900,000**	975,000
7 December 2000	$3.310	**25,000**	25,000
13 December 2000	$3.384	**75,000**	75,000
14 December 2000	$3.432	**125,000**	125,000
1 April 2001	$3.834	**75,000**	75,000
6 June 2001	$4.170	**–**	50,000
7 November 2001	$4.248	**125,000**	125,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999

EXPIRATION DATE	EXERCISE PRICE PER OPTION	NUMBER ON ISSUE **1999**	1998
20 SHARE CAPITAL CONT			
5 December 2001	$4.438	**700,000**	700,000
6 February 2002	$4.190	**325,000**	325,000
13 November 2002	$5.990	**750,000**	975,000
28 November 2002	$6.070	**400,000**	400,000
5 February 2003	$7.100	**275,000**	375,000
1 January 2002	$7.490	**1,000,000**	–
3 September 2003	$7.580	**1,840,000**	–
14 September 2003	$7.540	**240,000**	–
9 June 2004	$9.450	**151,250**	–
9 June 2004	$9.450	**151,250**	–
9 June 2004	$9.450	**302,500**	–
		10,790,000	20,425,000

Since the end of the financial year additional options over 39,500 unissued ordinary shares were granted, (at an exercise price of $9.99 per option with an expiry date of 4 August 2004).

	CONSOLIDATED		PARENT COMPANY	
	1999 $000	1998 $000	**1999 $000**	1998 $'000
21 RESERVES				
Asset Revaluation				
Balance at the beginning of the year	**7,740**	1,505	**40,129**	40,129
Adjustment to opening balance on adoption of Equity Accounting for Associates (Note 1(c))	**(7,740)**	–	**–**	–
Increment on revaluation of investments	**9,256**	6,235	**–**	–
Balance at the end of the year	**9,256**	7,740	**40,129**	40,129
Share Premium*	**–**	27,370	**–**	27,370
Capital Profit	**38,949**	38,949	**13,688**	13,688
Capital Redemption*	**–**	7,136	**–**	–
Exchange Fluctuation	**(1,962)**	–	**–**	–
Total Reserves	**46,243**	81,195	**53,817**	81,187

* Pursuant to Section 1446 of the Corporations Law and effective 1 July 1998, all amounts standing to the credit of the company's share premium and capital redemption reserve have been included as part of share capital.

Exchange differences have been taken directly to Exchange Fluctuation Reserve during the financial year pursuant to the accounting policy detailed in Note 1(e).

22 LEASE COMMITMENTS				
Operating lease commitments:				
Expenditure contracted but not provided for:				
Due within one year	**21,211**	20,674	**–**	–
Due between one and two years	**21,216**	20,753	**–**	–
Due between two and five years	**58,826**	61,254	**–**	–
Due after five years	**50,782**	66,978	**–**	–
	152,035	169,659	**–**	–
Retail property leases	**127,312**	138,733	**–**	–
Other operating leases	**24,723**	30,926	**–**	–
	152,035	169,659	**–**	–

	CONSOLIDATED		PARENT COMPANY	
	1999 $000	1998 $000	**1999 $000**	1998 $000
23 CAPITAL EXPENDITURE COMMITMENTS				
Amounts committed but not provided for:				
Due within one year	**13,679**	82,064	**–**	–
Due between one and two years	**750**	750	**–**	–
Due between two and five years	**–**	750	**–**	–
	14,429	83,564	**–**	–
24 CONTINGENT LIABILITIES				
Performance guarantees	**52,892**	35,573	**12**	267
Borrowings of subsidiaries	**–**	–	**318,423**	213,417
	52,892	35,573	**318,435**	213,684

25 UNHEDGED FOREIGN CURRENCY MONETARY ITEMS		
Australian Dollar Equivalent:		
US Dollar denominated net assets	**16,835**	65,895
Being US Dollar	**US$11,103**	US$40,611

	CONSOLIDATED **1999**		CONSOLIDATED 1998	
	AMOUNTS $000	AVERAGE RATE EXCLUDING MARGINS	AMOUNTS $000	AVERAGE RATE EXCLUDING MARGINS
26 DERIVATIVE FINANCIAL INSTRUMENTS				
Interest rates				
US and Australian dollar notional principal or contract amounts of derivative financial instruments for the hedging of interest rate exposures associated with the hedging exchange rate exposures on the Group's assets and liabilities.				
US dollar fixed rate payable swaps and caps	**(US$215,000)**	**5.60%**	(US$220,000)	5.62%
Australian dollar fixed rate receivable swaps	**A$300,000**	**5.92%**	A$302,000	6.46%
Average remaining term (in months) of fixed rate hedges, including delayed start hedges	**15**		14	

In addition to the above, the Group has a US Dollar 7.15% fixed rate receivable swap with notional principal sum of US$130 million for a five year period commencing in April 2000. This relates to the Group's underlying interest rate risks on the borrowings of an investment entity in which the Group holds an interest.

At 30 June 1999, the fair value compared to book value of the above hedging arrangements amounts to a surplus of $12.8 million.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999

	CONSOLIDATED **1999** AUSTRALIAN $000	CONSOLIDATED **1999** US $000	CONSOLIDATED 1998 AUSTRALIAN $000	CONSOLIDATED 1998 US $000
26 DERIVATIVE FINANCIAL INSTRUMENTS CONT				
Exchange rates				
Aggregate of cross-currency swaps and forward exchange contracts (to receive Australian dollars and pay US dollars) for the hedging of currency exposures on the Group's US dollar denominated net assets.	**534,911**	**(380,960)**	534,911	(380,960)
The above contracts mature between 48 and 60 months.				
Amount of the Group's US dollar denominated net assets.		**392,063**		421,571
Aggregate of forward exchange contracts (to receive Australian dollars and pay US dollars) for the hedging of currency exposures on a portion of the Group's US dollar denominated net income.	**60,848**	**(40,000)**	–	–
These forward exchange contracts mature within 12 months.				

Exchange gains or losses in respect of cross currency swaps and forward exchange contracts arising from the difference between the contract rates and the rate at balance date of A$1.00 = US$0.6595 are recognised in conjunction with the assets and liabilities as recorded on the balance sheet at the end of the financial year or where applicable, the income and expense in the period to which the hedges relate. The interest component of forward exchange contracts are recorded as accrued interest income or expense.

Credit risks

At 30 June 1999 the Group had no significant concentration of credit risk with any single counterparty or groups of counterparties. The counterparties to these derivative financial instruments consist of a number of prime financial institutions.

The Group's maximum exposures to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

In relation to unrecognised financial assets, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. As at 30 June 1999 the Group's maximum credit risk exposure in relation to those financial assets was $12.9 million.

In accordance with the policies determined by the Board of Directors, credit risk is spread among a number of counterparties. The counterparties to derivative financial instruments consist of a number of prime financial institutions.

	1999 $000	1998 $000	1999 $000	1998 $000
27 AUDITORS' REMUNERATION				
Amounts received or due and receivable by the Auditors of the parent company for:				
- Audit or review of the financial statements of the entity and any other entity in the economic entity	**280**	265	**30**	30
- Other services in relation to the entity and any other entity in the economic entity	**9**	30	**–**	–
	289	295	**30**	30
Amounts received or due and receivable by Auditors other than the auditors of the parent company:				
- Audit or review of the financial statements of subsidiary entities	**96**	118	**–**	–
	96	118	**–**	–

	REVENUE		OPERATING PROFIT BEFORE TAX		TOTAL ASSETS	
	1999 $000	1998 $000	1999 $000	1998 $000	1999 $000	1998 $000
28 SEGMENTAL REPORT						
Industry segments						
Property Investment and Management	**223,516**	183,230	**113,432**	90,064	**998,184**	988,334
Property Development and Construction	**647,372**	460,489	**86,584**	76,025	**68,159**	73,140
Corporate	**1,808**	10,263	**(31,519)**	(28,055)	**248,897**	122,747
	872,696	653,982	**168,497**	138,034	**1,315,240**	1,184,221
Geographic segments						
Australasia	**584,316**	443,282	**82,999**	73,153	**263,254**	179,064
United States	**288,380**	210,700	**85,498**	64,881	**1,051,986**	1,005,157
	872,696	653,982	**168,497**	138,034	**1,315,240**	1,184,221

	CONSOLIDATED		PARENT COMPANY	
	1999 $'000	1998 $'000	1999 $'000	1998 $'000
29 REMUNERATION OF DIRECTORS AND EXECUTIVES				
a. Directors' Remuneration:				
Amounts received or due and receivable in respect of the financial year by Directors (including Executive Directors as asterisked (*) page 52).	**14,424**	12,818	**14,400**	12,791

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999

	CONSOLIDATED		PARENT COMPANY	
	1999 $000	1998 $000	**1999 $000**	1998 $000
29 REMUNERATION OF DIRECTORS AND EXECUTIVES CONT				
The number of directors of the parent company whose remuneration falls within the following bands:				
$130,000 to $139,999			**4**	4
$180,000 to $189,999			**1**	1
$970,000 to $979,999*			**1**	–
$980,000 to $989,999*			**–**	1
$1,270,000 to $1,279,999*			**–**	1
$1,310,000 to $1,319,999*			**–**	1
$1,400,000 to $1,409,999*			**2**	–
$2,060,000 to $2,069,999*			**–**	1
$2,230,000 to $2,239,999*			**1**	–
$6,440,000 to $6,449,999*			**–**	1
$7,680,000 to $7,689,999*			**1**	–
			10	10
b. Retirement Benefits:				
Aggregate amounts paid by the Group to persons or prescribed superannuation funds in connection with the retirement of Directors or principal executive officers; [such amounts also being included as part of remuneration set out in Notes 29(a) and 29(c)].	**445**	439	**444**	437

The Directors consider that provision of full details of the above payments would be unreasonable.

c. Executives' Remuneration:				
Amounts received or due and receivable in respect of the financial year by Australian Executive Officers, including Executive Directors, whose total income exceeds $100,000 (including Executive Directors as asterisked (*) below).	**55,833**	52,957	**55,833**	52,957
The number of Executives including Executive Directors of the Group whose remuneration falls within the following bands:				
$100,000 to $109,999	**35**	47	**35**	47
$110,000 to $119,999	**27**	34	**27**	34
$120,000 to $129,999	**25**	23	**25**	23
$130,000 to $139,999	**27**	27	**27**	27
$140,000 to $149,999	**18**	10	**18**	10
$150,000 to $159,999	**12**	14	**12**	14
$160,000 to $169,999	**9**	13	**9**	13
$170,000 to $179,999	**6**	9	**6**	9
$180,000 to $189,999	**12**	9	**12**	9
$190,000 to $199,999	**15**	8	**15**	8

	CONSOLIDATED		PARENT COMPANY	
	1999 $000	1998 $000	**1999 $000**	1998 $000
29 REMUNERATION OF DIRECTORS AND EXECUTIVES CONT				
$200,000 to $209,999	**8**	7	**8**	7
$210,000 to $219,999	**8**	8	**8**	8
$220,000 to $229,999	**3**	1	**3**	1
$230,000 to $239,999	**4**	2	**4**	2
$240,000 to $249,999	**2**	3	**2**	3
$250,000 to $259,999	**1**	2	**1**	2
$260,000 to $269,999	**3**	1	**3**	1
$270,000 to $279,999	**2**	1	**2**	1
$280,000 to $289,999	**2**	4	**2**	4
$290,000 to $299,999	**2**	2	**2**	2
$310,000 to $319,999	**3**	3	**3**	3
$320,000 to $329,999	**2**	–	**2**	–
$330,000 to $339,999	**4**	–	**4**	–
$350,000 to $359,999	**–**	2	**–**	2
$360,000 to $369,999	**1**	–	**1**	–
$370,000 to $379,999	**1**	1	**1**	1
$380,000 to $389,999	**–**	2	**–**	2
$400,000 to $409,999	**–**	2	**–**	2
$420,000 to $429,999	**2**	–	**2**	–
$430,000 to $439,999	**–**	2	**–**	2
$440,000 to $449,999	**1**	–	**1**	–
$460,000 to $469,999	**–**	1	–	1
$490,000 to $499,999	**1**	–	**1**	–
$500,000 to $509,999	**1**	1	**1**	1
$510,000 to $519,999	**–**	1	**–**	1
$520,000 to $529,999	**–**	1	**–**	1
$530,000 to $539,999	**1**	–	**1**	–
$550,000 to $559,999	**1**	–	**1**	–
$590,000 to $599,999	**1**	–	**1**	–
$600,000 to $609,999	**–**	1	**–**	1
$660,000 to $669,999	**1**	–	**1**	–
$700,000 to $709,999	**–**	1	**–**	1
$970,000 to $979,999*	**1**	–	**1**	–
$980,000 to $989,999*	**–**	1	**–**	1
$1,270,000 to $1,279,999*	**–**	1	**–**	1
$1,310,000 to $1,319,999*	**–**	1	**–**	1
$1,400,000 to $1,409,999*	**2**	–	**2**	–
$2,060,000 to $2,069,999*	**–**	1	**–**	1
$2,230,000 to $2,239,999*	**1**	–	**1**	–
$6,440,000 to $6,449,999*	**–**	1	**–**	1
$7,680,000 to $7,689,999*	**1**	–	**1**	–
	246	248	**246**	248

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999

NAME OF ENTITY	TYPE OF EQUITY	ECONOMIC INTEREST	BALANCE DATE
30 DETAILS OF EQUITY ACCOUNTED ASSOCIATES			
(a) Equity accounted entities			
Westfield America Trust ("WAT")	trust units	23.8%	31 December
Westfield America, Inc. ("WEA")	common and preferred stock	17.0%	31 December

WAT holds a 47.0% economic interest in WEA. The Group's aggregate economic interest in WEA , held directly or indirectly via its interest in WAT, amounts to 28.2%. (This 28.2% interest comprises 32.5% of WEA's common stock, 17.9% of WEA's convertible redeemable preferred stock and 11.2% of WEA's warrants convertible to common stock).

WAT and WEA operate solely as retail property investors in the United States.

	CONSOLIDATED 1999 $000
(b) Details of the Group's aggregate share of equity accounted associates' net profit:	
Operating profit	**69,781**
Income tax attributable to operating profit	**(5,619)**
Net profit	**64,162**
(c) Details of the Group's aggregate share of equity accounted associates' assets and liabilities:	
Cash	**9,710**
Receivables	**9,476**
Property investments	**1,554,301**
Loans	**56,545**
Other assets	**22,111**
Accounts payable	**(52,724)**
Borrowings	**(917,831)**
Net assets	**681,588**

The above assets and liabilities have been translated into Australian dollars at the Group's applicable currency hedge rates.

	CONSOLIDATED 1999 $000
30 DETAILS OF EQUITY ACCOUNTED ASSOCIATES CONT	
(d) Details of the Group's carrying value of investments in equity accounted associates:	
Balance at beginning of the year	–
Amount on initial application of the equity method of accounting for associates	**562,806**
Addition /(disposals) during the period	**103,353**
Share of net profit for the year	**64,162**
Dividends and distributions, net of tax, in respect of the year	**(57,881)**
Share of revaluation increment for the period	**25,424**
Foreign currency translation differences	**(16,276)**
Carrying value of investments in equity accounted associates	**681,588**
(e) Details of the Group's aggregate share of equity accounted associates'reserves:	
Retained earnings	**35,670**
Asset revaluation reserves	**41,527**
Exchange fluctuation reserves	***refer note****
* *The Group's exchange rate exposure on its investment in associates with foreign currency denominated net assets is substantially hedged. Consequently, the exchange fluctuation reserves recorded in the associates' financial statements are not appropriate measurements of the Group's exposure thereto.*	
(f) The Group's share of capital expenditure commitments and contingent liablilities in respect of equity accounted associates:	
Capital expenditure commitments (all due within one year)	**56,589**
Contingent liabilities - performance guarantees	**33,779**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999

NAME OF ENTITY	PRINCIPAL ACTIVITY	BENEFICIAL INTEREST		CARRYING VALUE		DIVIDEND AND DISTRIBUTIONS INCLUDED IN PROFIT BEFORE TAX	
		1999 %	1998 %	**1999 $000**	1998 $000	**1999 $000**	1998 $000
31 MATERIAL INVESTMENTS IN ENTITIES NOT BEING SUBSIDIARIES							
Garden State Plaza Limited Partnership	Retail property investment	**50**	50	**268,733**	264,421	**22,635**	19,483
Westfield America Trust (“WAT”)	Retail property investment	**–**	24	**–**	289,566	**–**	22,661
Westfield America, Inc. (“WEA”)	Retail property investment	**–**	16	**–**	373,763	**–**	31,291
				268,733	927,750	**22,635**	73,435
The Group’s share of the underlying net assets of the above entities				**268,733**	833,875		
The Group’s share of the operating profit before tax of the above entities						**22.635**	110,432

Note - WAT and WEA have been accounted for in the current financial year in accordance with the equity method, (refer Note 1(c)). Details in respect of those entities are set out in Note 30.

The carrying amount of the Group’s interests in the above business entities are recorded as investments at valuation. Contribution to consolidated operating profit by the retail property investments is brought to account on an accruals basis.

All entities noted above have a 31 December balance date.

32 ECONOMIC DEPENDENCY

Group entities act as manager of the Westfield Trust and as the property manager and developer of properties in which, directly or indirectly, it has an interest. These activities, charged at normal commercial rates, contributed the following amounts to the Group's revenue for the financial year: $12.5 million in respect of management activities (1998: $12.1 million); $39.2 million in respect of property management activities (1998: $37.3 million); and $489.5 million in respect of development and construction activities (1998: $294.6 million).

Group entities act as manager of the WAT and as manager and adviser of its controlled entity WEA. Group entities also act as the property manager and developer of properties in which, directly or indirectly, WAT, WEA and Garden State Plaza Limited Partnership have an interest. These activities, charged at normal commercial rates, contributed the following amounts to the Group's revenue for the Financial Year: $11.0 million in respect of management activities (1998: $ nil); $32.0 million in respect of property management activities (1998: $18.8 million); and $148.8 million in respect of development and construction activities (1998: $107.7 million).

As at 30 June 1999, an aggregate amount of $32.5 million (1998: $44.3 million) was recognised as a current receivable from the entities referred to above.

33 SUPERANNUATION COMMITMENTS

The Group has established accumulation style superannuation funds and plans to provide retirement benefits to its employees in Australia and the United States.

These funds provide benefits based upon the eligible employee's accumulated contributions, investment income earned and, in the case of resignation prior to normal retirement age, length of service. In Australia the Group is required to make contributions in compliance with the Superannuation Guarantee Charge legislation and may also make additional voluntary contributions on behalf of eligible employees. In the United States the Group has agreed to match the employees' contributions up to a specified amount, or a proportion of the employees' gross salary as prescribed by the relevant plans.

Being accumulation funds, the assets of the funds are at all times sufficient to satisfy all benefits that would be payable in the event of the termination of the funds and voluntary or compulsory termination of employment of each employee.

During the financial year $3.218 million (1998: $2.753 million) representing dividends on ordinary shares in Westfield Holdings Limited and $6.772 million (1998: $6.056 million) representing superannuation contributions were paid by the Group to the funds and plans.

34 RELATED PARTY DISCLOSURES

Information required to be disclosed concerning relationships, transactions and balances with related parties of the Group is set out in this note unless disclosed elsewhere in these Financial Statements.

(a) Names of Directors

Each person holding the position of Director of the Parent Company at any time during the financial year is named on page 32.

(b) Directors' Securities in the Group

During the financial year:

(i) a director related entity of S P Johns acquired 1,750,000 ordinary shares as a result of the exercise in accordance with their terms of options under the Parent Company's Executive Incentive Scheme which was established in accordance with the Listing Rules of Australian Stock Exchange Limited and approved by Shareholders at the 1993 Annual General Meeting (as amended at the Company's 1997 Annual General Meeting) **("Option Scheme");**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999

34 RELATED PARTY DISCLOSURES CONT

(ii) D H Lowy acquired 2,250,000 ordinary shares as a result of the exercise in accordance with their terms of options under the Option Scheme;

(iii) P S Lowy acquired 1,750,000 ordinary shares as a result of the exercise in accordance with their terms of options under the Option Scheme; and

(iv) S M Lowy acquired 1,750,000 ordinary shares as a result of the exercise in accordance with their terms of options under the Option Scheme.

The aggregate number of securities in the Group held as at 30 June 1999 directly, indirectly or beneficially by Directors of the Parent Company are set out below:

		ORDINARY SHARES	WARRANTS*
F P Lowy AO	}		
D H Lowy	}	184,569,239	
P S Lowy	}		
S M Lowy	}		
R A Ferguson		50,000	
D M Gonski		95,000	22,500
F G Hilmer AO		45,000	17,500
S P Johns		3,760,000	
D R Wills AO		15,500	
C Zampatti AM		149,500	25,000

* Warrants over ordinary shares in the Parent Company issued by Warburg Dillon Read Australia Limited, all of which were exercised in accordance with their terms on 31 August 1999.

(c) Other Transactions of Directors and Director Related Entities

(i) During the financial year:

(A) an aggregate amount of $136,189 (1998: $157,721) was recognised as income relating to administrative services provided by the Group on commercial terms to, and business usage of assets of the Group on commercial terms by, director related entities of F P Lowy AO, D H Lowy, P S Lowy and S M Lowy;

(B) an aggregate amount of $636,920 (1998: $639,183) was recognised as an expense relating to business usage by the Group on commercial terms of assets owned by director related entities of F P Lowy AO, D H Lowy, P S Lowy and S M Lowy, of which an aggregate amount of $43,389 was recognised as a current payable to such director related entity as at 30 June 1999 for the usage of such assets;

(C) an aggregate amount of $138,139 (1998: $186,340) was recognised as an expense relating to the provision of consultancy services to the Group on commercial terms by a director related entity of D M Gonski, of which an aggregate amount of $60,072 was recognised as a current payable to such director related entity as at 30 June 1999 for such services;

(D) an aggregate amount of $77,000 (1998: $361,440) was recognised as an expense relating to the provision of consultancy services to the Group on commercial terms by a director related entity of F G Hilmer AO; and

34 RELATED PARTY DISCLOSURES CONT

(E) an aggregate amount of $1,828,748 (1998: $2,301) was recognised as an interest expense relating to interest rate and currency hedging transactions on commercial terms with Bankers Trust Australia Limited, a director related entity of R A Ferguson, with an aggregate amount of $7,684 recognised as a current payable (1998: $82,618 receivable) from that director related entity as at 30 June 1999 in respect of such interest. At 30 June 1999, the Group had unexpired interest rate swap contracts with average notional principal amounts equivalent to $213.723 million (1998: $262.259 million) and unexpired cross-currency swap contracts with average principal amounts receivable and payable of $154.802 million and US$113.160 million respectively (1998: $154.802 million and US$113.160 million respectively) with Bankers Trust Australia Limited.

(ii) During the financial year, in accordance with the Rules of the Westfield Holdings Limited Executive Option Plan (**"Option Plan"**) which was established in accordance with the Listing Rules of Australian Stock Exchange Limited and approved by Shareholders of the Parent Company at its Annual General Meeting on 12 November 1998, an entity in the Group made loans totalling $38,533,000 to the Trustee of the Westfield Executive Option Plan Trust (**"Trust"**). The purpose of those loans was to facilitate the acquisition by the Trustee of ordinary shares in the Parent Company, to be held on the terms of the trust deed establishing the Trust for and on behalf of employees of the Group for the purposes of the Option Plan.

(iii) During the financial year, certain financial adjustments were finalised between the Group and a director related entity of the Lowy family Directors arising from the commutation of a payment and the termination of a service contract, details of which have been previously disclosed to shareholders. Under the terms on which those adjustments took place, a residual amount of US$632,616 was paid by the Group, being less than the maximum potential amount of US$700,000 as had been disclosed in previous annual reports.

(iv) During the financial year, transactions occurred between the Group and Directors and director related entities which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment; the reimbursement of expenses; and the payment of dividends by the Parent Company in respect of ordinary shares held in the Parent Company.

(d) During the financial year, there were transactions on commercial terms between the Parent Company and entities in the wholly-owned Group under which the Parent Company received interest and dividends and paid management fees. The Parent Company also subscribed for capital in entities in the wholly-owned Group.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999

34 RELATED PARTY DISCLOSURES CONT

(e) On 12 August 1998, following Shareholder approval obtained at a General Meeting held on 10 August 1998, Westfield American Investments Pty Limited, a wholly owned subsidiary of the Parent Company, completed the acquisition of US$50 million of Series D Cumulative Convertible Redeemable Preference Shares in WEA **("Preference Shares")**. On that date, Westfield America Trust also completed the acquisition of US$75 million of Preference Shares.

The Preference Shares were issued at a price of US$180.00 each and are not quoted on the New York Stock Exchange or any other stock exchange. Each Preference Share held by Westfield American Investments Pty Limited will convert into WEA Common Stock at any time at the option of Westfield American Investments Pty Limited. Initially, each Preference Share will convert into ten shares of WEA Common Stock. This conversion ratio is subject to customary anti-dilution adjustments. Dividends on each Preference Share will be equal to the greater of 8.5% per annum or the dividend payable on the number of shares of WEA Common Stock into which the Preference Share is then convertible. If WEA ceases to qualify to be taxed as a real estate investment trust (**"REIT"**), such dividends will be increased by a factor of 2.5.

The Preference Shares are redeemable at the option of WEA at 100% of face value at any time after 12 August 2008. In the usual course, at any time following 12 August 2008, if the market price of WEA Common Stock is at or below the conversion price, each Preference Share will be redeemable at the option of Westfield American Investments Pty Limited at 100% of face value (including all accrued but unpaid dividends) for cash or WEA Common Stock at the option of WEA. In certain very unusual circumstances, they are also redeemable at the option of Westfield American Investments Pty Limited: (i) in circumstances where WEA ceases to be a REIT, at 115% of face value (including all accrued but unpaid dividends); and (ii) in circumstances causing a change in control of WEA, at 105% of face value (including all accrued but unpaid dividends).

If WEA is wound up, each Preference Share will carry a right to participate in the capital of WEA in the amount of US$180.00, ranking ahead of the rights of the holders of WEA Common Stock but behind all creditors and holders of other equity securities in WEA (unless the terms of those equity securities provide otherwise). The Preference Shares carry no right to vote unless the vote relates to the rights of the Preference Share.

	CONSOLIDATED		PARENT COMPANY	
	1999 $000	1998 $000	**1999 $000**	1998 $000
35 STATEMENT OF CASH FLOWS				
a. Components of cash:				
Cash	**76,256**	51,537	**166**	613
Overdrafts and short term loans	**(6,350)**	(26,057)	**–**	–
	69,906	25,480	**166**	613
b. Reconciliation of cash flow from operating activities to operating profit after tax:				
Net cash in/(out) flows from operating activities	**208,776**	165,982	**(4,376)**	(3,031)
Amortisation and depreciation	**(11,098)**	(8,763)	**–**	–
Share of associates' profit in excess of dividend and distribution	**6,331**	–	**–**	–
Profit/(loss) on disposal of non-current assets	**78**	187	**–**	–
Dividend and distribution income	**56**	188	**33,458**	27,925
Interest income	**1,216**	7,603	**5,981**	4,397
Interest expense	**(34,706)**	(33,972)	**–**	–
Foreign exchange (loss)/gain	**(183)**	(1,989)	**–**	–
(Increase)/decrease in net tax liability	**(24,655)**	(13,506)	**193**	(740)
Increase/(decrease) in other assets attributable to operating activities	**(19,320)**	(13,085)	**(12)**	(112)
Operating profit after tax	**126,495**	102,645	**35,244**	28,439

c. Financing Facilities:

Committed financing facilities available to the Group are as follows:

Total financing facilities*	**742,864**	738,275
Amounts utilised**	**(596,982)**	(448,221)
Available financing facilities	**145,882**	290,054
Cash	**76,256**	51,537
Total available financing resources	**222,138**	341,591

*Financing facilities comprise:

(i) Unsecured revolving credit facilities with two banks amounting to $308.0 million and $215.0 million respectively. These facilities are interest only floating rate facilities maturing in December 2003 extendable at each anniversary date for a further period of one year. The facilities are subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements. At 30 June 1999, amounts available under these facilities totalled $145.9 million.

(ii) Non-recourse participating mortgage loan of US$145.0 million (equivalent to $198.542 million, at the hedge exchange rates) from Westfield America, Inc. This loan has a ten year term to 20 May 2007 and is secured by a first ranking mortgage over the Group's 50% indirect interest in the Garden State Plaza shopping centre. It may be prepaid without penalty after the fifth year of the term.

The loan carries interest at a fixed rate of 8.5% p.a. together with a further participating interest of up to 2.5% p.a. based on the yield of the Garden State Plaza shopping centre. During the financial year the aggregate interest expense in respect of this loan was $24.435 million.

**Amounts utilised which are denominated in foreign currencies are translated at exchange rates ruling at balance date and do not include the effects of currency hedge contracts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999

36 THE WESTFIELD HOLDINGS GROUP

Entities Incorporated in Australia

Holding Company

Westfield Holdings Limited

Subsidiaries

Adurant Pty Limited
Alphen Pty Limited
Burranim Pty Limited
Croissy Pty Ltd
Gaural Pty Ltd
Greissen Limited
Lourens Pty Limited
Lycus Pty Limited
Marchet Limited
Mayena Pty Limited
Nauthiz Pty Ltd
Orta Pty Limited
Regional Shopping Centre Nominees Pty Limited
Rosebush 1 Trust
Rosebush 2 Trust
Salazar Pty Limited (In Liquidation)
Samel Pty Limited
Titania Services Pty Ltd
Tunini Pty Limited (In liquidation)
Variscite Pty Ltd
Westfield America Management Limited
Westfield American Investments Pty Limited
Westfield Capital Assets Pty Limited
Westfield Capital Corporation Finance Pty Ltd
Westfield Capital Corporation Limited
Westfield Capital Financial Services Limited
Westfield Design and Construction Pty Limited
Westfield Developments Pty Ltd
Westfield Funds Management Limited
Westfield Limited
Westfield Management Limited
Westfield Projects (Australia) Limited
Westfield Promotion Fund Management Pty Ltd
Westfield Queensland Pty Limited
Westfield R.S.C.F. Management Limited
Westfield Services Pty Limited
Westfield Services Trust
Westfield Shopping Centre Management Co. Pty Limited

36 THE WESTFIELD HOLDINGS GROUP CONT

Westfield Shopping Centre Management Co. (A.C.T.) Pty Limited
Westfield Shopping Centre Management Co. (Qld) Pty Limited
Westfield Shopping Centre Management Co. (S.A.) Pty Ltd
Westfield Shopping Centre Management Co. (Vic.) Pty Limited
Westfield Shoppingtown Carousel Pty Ltd
Westfield U.S. Investments Pty Limited
Westfield (Parramatta) Pty Ltd
WestNM Trust
WestUS Pty Limited
WestUS Trust
Woodfield Pty Limited
WRS Pty Ltd
Zed Investments Pty Limited

Entities Incorporated in the United States

Westfield Concession Management, Inc.†
Westfield Corporation, Inc.†
Westfield Partners, Inc.†
Westfield Services, Inc.†
Westfield Management Acquisition, Inc.†
Westland Realty, Inc.†
Westfield U.S. Management, Limited Partnership†
Westfield U.S. Advisory, Limited Partnership†
Westfield Management Company, General Partnership†

Entities Incorporated in New Zealand

Japonica Properties Limited†
Westfield Leasing (NZ) Limited†
Westfield Shopping Centre Management Co (NZ) Limited†
Westfield (New Zealand) Limited†

Entities Incorporated in Malaysia

Westasia Malls Sdn Bhd†
Westfield Shoppingtowns Corporation Sdn Bhd†

Notes:

1. Westfield Holdings Limited beneficially owns, either directly or indirectly, a 100% interest in the subsidiaries' issued ordinary capital (1998: 100%).
2. † These entities were not audited by Deloitte Touche Tohmatsu.

DIRECTORS' DECLARATION

The Directors of Westfield Holdings Limited **("Company")** declare that:

(a) the financial statements of the Company for the year ended 30 June 1999 **("Financial Statements")** and notes thereto comply with the accounting standards;

(b) the Financial Statements and notes thereto give a true and fair view of the financial position and performance of the Company together with all entities it is required by the accounting standards to include in those statements;

(c) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(d) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Law, including sections 296 and 297.

Made on 16 September 1999 in accordance with a resolution of the Directors

F P Lowy AO
Chairman

S P Johns
Group Finance Director

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF WESTFIELD HOLDINGS LIMITED

Scope

We have audited the financial report of Westfield Holdings Limited for the financial year ended 30 June 1999 as set out on pages 36 to 64. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Westfield Holdings Limited is in accordance with:

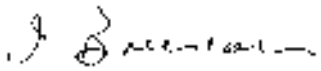
(a) the Corporations Law, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 1999 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

DELOITTE TOUCHE TOHMATSU
Chartered Accountants



I J Breedon
Partner

Sydney, 16 September 1999

DIRECTORS' REPORT

The Directors of Westfield Holdings Limited (**"Company"**) submit the following Report for the year ended 30 June 1999 (**"Financial Year"**).

Review of Operations and State of Affairs

A review of the operations during the Financial Year of the Company together with all the entities it is required by the accounting standards to include in consolidated financial statements (**"Group"**) and the results of those operations are contained in the Directors' Review, at pages 8 to 20 of the Annual Report.

There were no significant changes in the Group's state of affairs during the Financial Year.

Principal Activities

The principal activities of the Group during the Financial Year were the investment in, management of, and the performance of, development and construction services and funds management in relation to retail property. There were no significant changes in the nature of those activities during the Financial Year.

Subsequent Events

No matter or circumstance has arisen since the end of the Financial Year that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs, in future financial years.

Future Developments

Likely developments in the Group's operations in future financial years and the expected results of those operations are described in the Directors' Review, at pages 8 to 20.

Environmental Performance

Environmental laws and regulations are applicable to areas of the Group's operations and in particular to its development, construction and shopping centre management activities. The Group has in place procedures to identify and meet the necessary levels of compliance with such requirements including, where applicable, obtaining and complying with the conditions of relevant authority consents and approvals and the obtaining of any necessary licences. These compliance procedures are regularly reviewed and audited and their application closely monitored.

Dividends

The following dividends were paid to Shareholders during the Financial Year:

5.6 cents per share final dividend (60% franked at the corporate tax rate of 36%) for the financial year ended 30 June 1998, paid 25 September 1998	$28,611,875
5.59 cents per share interim dividend (60% franked at the corporate tax rate of 36%) for the six months ended 31 December 1998, paid 31 March 1999	$29,276,027

The following final dividend was declared for payment to Shareholders with respect to the Financial Year, but has not been paid as at the date of this Report:

6.69 cents per share final dividend (60% franked at the corporate tax rate of 36%) for the six months ended 30 June 1999, payable 30 September 1999	$35,038,246

The Directors

The names of the Directors in office and the relevant interests of each Director in ordinary shares in the Company as at the date of this Report are shown below. There has been no change to the Board membership during or since the end of the Financial Year.

Director		Number of Shares
F P Lowy AO	}	164,380,239
D H Lowy	}	"
P S Lowy	}	"
S M Lowy	}	"
R A Ferguson		50,000
D M Gonski		117,500
F G Hilmer AO		62,500
S P Johns		3,760,000
D R Wills AO		15,500
C Zampatti AM		174,500

Details of the qualifications, experience and special responsibilities of each of the Company's Directors are set out on page 32 of this Annual Report.

The number of Directors' meetings, including meetings of Committees of the Board of Directors, held during the Financial Year and the number of those meetings attended by each of the Directors of the Company are shown below:

	Board Meetings		Committee Meetings	
Director	Held	Attended	Held	Attended
F P Lowy AO	8	8	6	6
R A Ferguson	8	5	5	4
D M Gonski	8	8	6	6
F G Hilmer AO	8	8	11	11
S P Johns	8	8	1	1
D H Lowy	8	8	5	5
P S Lowy	8	8	–	–
S M Lowy	8	8	–	–
D R Wills AO	8	7	–	–
C Zampatti AM	8	8	–	–

Emoluments

The Group's remuneration policies are designed to attract and retain high calibre Directors and senior executives capable of meeting the specific management needs of the Group.

Within that framework, the Remuneration Committee of the Board reviews the remuneration packages and other terms of employment for Executive Directors and relevant senior executives. The Remuneration Committee is concerned to ensure that, in line with market practice, remuneration packages are structured so as to include an appropriate balance of base salary, medium term incentive (by way of annual bonus) and, in appropriate cases, long term incentive (by way of participation in the Company's option and share plans). In determining the level of annual incentive payments, regard is had to the Group's performance during the period under consideration, as well as to the individual's performance and the performance of relevant operational divisions.

Fees paid to Non-Executive Directors are determined by the Board within the current maximum aggregate limit set by Shareholders. Directors' fees are reviewed annually by the Board within that limit, taking into consideration the level of fees paid to Non-Executive Directors by companies of a similar size and stature.

Details of the emolument of each Non-Executive Director, Executive Director and the five additional Executive Officers receiving the highest emoluments are detailed below together with the details of share options issued during the Financial Year.

DIRECTORS' REPORT

	Fees (1) $	Salary Package (2)(4) $	Annual Incentive (3)(4) $	Super-annuation Contributions $	Deferred Emoluments (5) $	Total $	No. of Options Issued (6)	Exercise Price $
Non-Executive Directors								
F G Hilmer AO	110,000	-	-	70,000	-	180,000	-	-
D M Gonski	67,500	-	-	70,000	-	137,500	-	-
R A Ferguson	65,000	-	-	70,000	-	135,000	-	-
D R Wills AO	60,000	-	-	70,000	-	130,000	-	-
C Zampatti AM	60,000	-	-	70,000	-	130,000	-	-
Executive Directors								
F P Lowy AO	-	898,638	6,739,880	-	42,077	7,680,595	-	-
P S Lowy *	-	US$750,000	US$650,000	-	-	US$1,400,000	-	-
D H Lowy	-	750,000	650,000	-	-	1,400,000	-	-
S M Lowy	-	750,000	650,000	-	-	1,400,000	-	-
S P Johns	-	600,000	375,000	-	-	975,000	-	-
Executive Officers								
R Green*	-	US$1,000,000	US$919,400	-	-	US$1,919,400	1,000,000	7.49
R Burghdorf*	-	US$350,000	US$95,000	-	-	US$445,000	250,000	7.58
M Stefanek*	-	US$350,000	US$95,000	-	-	US$445,000	250,000	7.58
D Vazelakis*	-	US$335,000	US$100,000	US$10,000	-	US$445,000	250,000	7.58
I Hepner*	-	US$350,000	US$70,000	-	-	US$420,000	250,000	7.58

* These individuals are based in the USA. The amounts shown here were determined under US$ denominated service arrangements. These were included in the Financial Statements at the applicable translation rate.

(1) Fees (being base fees and committee fees) paid and payable in respect of the Financial Year.

(2) Salary is the total remuneration package (inclusive of superannuation contributions, benefits in kind and fringe benefits tax thereon) paid and payable in respect of the Financial Year.

(3) Annual incentive includes all amounts paid and payable in respect of the Financial Year.

(4) Salary and annual incentives includes amounts paid to the Director/Executive Officer or to entities affiliated with the Director/Executive Officer for services provided by the Director/Executive Officer.

(5) Amounts accrued in accordance with Service Agreement in respect of the Financial Year. The amount is payable on retirement subject to the provisions of the Service Agreement and the Corporations Law.

(6) These options were issued pursuant to the Company's Executive Incentive Scheme for US based Executives, which was established in accordance with the Listing Rules of Australian Stock Exchange Limited and approved by Shareholders at the 1993 Annual General Meeting (as amended at the Company's 1997 Annual General Meeting). In accordance with the Rules of that Incentive Scheme, the exercise price for the options was set at 105% of the market value of the Company's shares at the time the options were issued. The options are considered to have had no value at their time of issue given the terms on which they were issued and the fact that the exercise price was in excess of the market price for the Company's shares at that time.

Options

Details of the unissued ordinary shares in the Company under options as at the end of the Financial Year are provided in Note 20 in the Notes to the Financial Statements (page 47).

Details of fully paid ordinary shares in the Company which were issued during the Financial Year as a result of the exercise of options over unissued shares are provided in Note 20 in the Notes to the Financial Statements (page 47). No shares in the Company have been issued since the end of the Financial Year.

Indemnities and Insurance Premiums

Subject to the following, no indemnity was given or insurance premium paid during or since the end of the Financial Year for a person who is or has been an officer or auditor of the Group.

The Company's Constitution provides an indemnity to the full extent permitted by law to each person who is, or has been, a Director, alternate Director or Executive Officer of the Company, and to such other officers or former officers of the Company or of its related bodies corporate as the Directors in each case determine, for all losses or liabilities that they incur as officers of the Company or of a related body corporate and for reasonable costs and expenses incurred in defending proceedings in which judgment is given in their favour or in which they are acquitted, or in which the court grants to them relief under the Corporations Law.

The Group has paid premiums for directors' and officers' liability insurance in respect of Directors, Secretaries and Executive Officers of the Group as permitted by the Corporations Law. The terms of the insurance policy prohibit disclosure of details of the nature of the liabilities covered by, and the amounts of the premiums payable under, that insurance policy.

Audit and Compliance Committee

As at the date of this Report, the Company had an Audit and Compliance Committee of the Board of Directors.

Rounding

The Company is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998. Accordingly, amounts in the Directors' Report, the Financial Statements and the notes thereto have been rounded to the nearest thousand dollars.

Westland Realty, Inc. Sub Group

By an Order dated 27 June 1997, the Australian Securities Commission (as it then was) made an order relieving the Directors from compliance with the requirement to ensure that the financial years of the Company's United States incorporated subsidiaries Westland Realty, Inc., Westfield Partners, Inc. (formerly known as Westland Partners, Inc.) and Westland Management, Inc. (**"the WRI Group"**) coincide with the financial year of the Company for the years commencing from 1 July 1996 and ending 30 June 1999. Although the financial years of the members of the WRI Group end on 31 December, the Financial Statements have been made out so as to include accounts of each such member for a period coinciding with the Financial Year.

This Report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

F P Lowy AO

Chairman

S P Johns

Group Finance Director

16 September 1999

CORPORATE GOVERNANCE

Set out below is a statement of the main corporate governance practices which the Westfield Holdings Limited Group (**"Group"**) had in place during the financial year ended 30 June 1999.

The Board of Directors

The ultimate responsibility for corporate governance resides with the Company's Board of Directors which comprises ten Directors, five of whom are Non-Executive Directors. The Chairman of the Board is F P Lowy AO and the Deputy Chairman is F G Hilmer AO. Details of the Directors in office as at the date of this statement appear at page 32 of this Annual Report.

It is the policy of the Board that its membership should reflect an appropriate balance between executives possessing extensive direct experience and expertise in the core business activities of the Group, and non-executive members who have outstanding track records and reputations attained at the highest levels of industry, and who are able to bring to the Board a broad range of general commercial expertise and experience.

The membership of the Board is reviewed by the full Board from time to time having regard to the ongoing needs of the Group. The appointment of a new member to the Board is only made after consultation with, and consensus being achieved among, the Non-Executive Directors. Directors are initially appointed by the full Board. They are subject to election by Shareholders at the Annual General Meeting following their appointment and, except in the case of the Managing Director (or one of them, when there is more than one Managing Director), are subject to re-election by Shareholders at three-yearly intervals thereafter.

Full Board meetings are held at regular intervals throughout the year, with additional meetings being held if necessary. Directors are provided with Board reports containing sufficient information to enable informed discussion of all agenda items in advance of Board meetings. Any Non-Executive Director may, if that Director deems it necessary, seek independent legal advice on any matter connected with the performance of their duties. In such cases, the Company will reimburse the reasonable costs of such advice. Directors are asked to notify the Company Secretary in advance of seeking such advice.

Board Responsibilities

The Board is accountable to Shareholders and seeks to ensure that the business objectives of the Group are aligned with the expectations of Shareholders and that the operations of the Group are being effectively managed in a manner that is properly focussed on those business objectives as well as conforming to regulatory and ethical requirements.

The Board has established an Audit and Compliance Committee and a Remuneration Committee to assist it in discharging its responsibilities. These committees are described below.

Other committees of the Board may be established from time to time to deal with specific matters.

Audit and Compliance Committee

The Audit and Compliance Committee comprises two Non-Executive Directors and one Executive Director, namely:

F G Hilmer AO (Chairman)	Non-Executive Director
D M Gonski	Non-Executive Director
D H Lowy	Executive Director

The primary function of the Audit and Compliance Committee is to ensure that an effective internal control framework exists within the Group, through the establishment and maintenance of adequate internal controls to safeguard the assets of the business and to ensure the integrity and reliability of financial and management reporting systems.

The Audit and Compliance Committee:

- reviews and reports to the Board on the half-year and annual reports and financial statements of the Group;
- is responsible for nominating the Company's external auditor and reviewing the adequacy, scope and quality of the annual statutory audit and half year statutory audit review;
- reviews the effectiveness of the Group's internal control environment, including the effectiveness of internal control procedures;
- monitors and reviews the reliability of financial reporting;
- monitors and reviews the compliance of the Group with applicable laws and regulations;
- determines the scope of the internal audit function to ensure that its resources are adequate and effectively used, including the co-ordination of the internal and external audit functions; and
- monitors the adequacy and effectiveness of compliance systems in relation to the legal exposures of the Group.

The Audit and Compliance Committee has accepted, as a matter of principle, the need for the Group to have in place an adequate compliance and control framework based upon appropriate written procedures, policies and guidelines to enable areas of legal risk to the business to be identified and appropriately reacted to, and to ensure that members of staff are informed as to those areas of material legal risk relevant to the operational activities in which they are engaged.

Compliance officers have been appointed for the Australian, US and New Zealand operations of the Group. Those officers are responsible for reviewing and monitoring the efficacy of compliance systems within the Group on an ongoing basis to ensure appropriate measures are in place to educate staff as to their compliance responsibilities, and to report to the Audit and Compliance Committee on those matters.

The Audit and Compliance Committee meets with the internal and external auditors at least twice a year and more frequently if required. The internal and external auditors have a direct line of communication at any time to either the Chairman of the Audit and Compliance Committee or the Chairman of the Board.

The Audit and Compliance Committee reports to the full Board after each committee meeting.

Remuneration Committee

The Remuneration Committee comprises two Non-Executive Directors and one Executive Director, namely:

F P Lowy AO (Chairman)	Executive Director
R A Ferguson	Non-Executive Director
F G Hilmer AO	Non-Executive Director

The function of the Remuneration Committee is to review the remuneration packages and other terms of employment for Executive Directors and relevant senior executives. Remuneration packages are set at levels designed to attract and retain high calibre senior executives capable of meeting the specific management needs of the Group. Where the service agreements of Executive Directors provide for an annual salary review, that review is undertaken by the Remuneration Committee.

The Remuneration Committee also approves the grant of options and share awards to executives selected for participation in the Company's option and share plans.

Fees paid to Non-Executive Directors are determined by the Board, within the current maximum aggregate limit set by shareholders. Directors' fees are reviewed annually by the Board within that limit, taking into consideration the level of fees paid to Non-Executive Directors by companies of a similar size and stature.

SHAREHOLDING INFORMATION

AS AT 10 SEPTEMBER 1999

Twenty Largest Holders of Ordinary Shares

	Number of Shares	% of Issued Shares
1. Cordera Holdings Pty. Limited	95,420,840	18.22%
2. BT Custodial Services Pty Ltd (EQUI A/C)	38,450,211	7.34%
3. National Nominees Limited	29,440,077	5.62%
4. Westfield C Fund Pty Limited	25,286,420	4.83%
5. Chase Manhattan Nominees Limited	23,690,672	4.52%
6. Westpac Custodial Nominees Limited	21,366,708	4.08%
7. BT Custodial Services Pty Limited	16,851,253	3.22%
8. AMP Life Limited	10,732,529	2.05%
9. BT Custodial Services Pty Ltd (GROWTH A/C)	10,125,365	1.93%
10. Citicorp Nominees Pty Limited	9,303,554	1.78%
11. Frank P Lowy	9,185,000	1.76%
12. Queensland Investment Corporation	7,896,337	1.51%
13. NRMA Investments Pty Limited	6,404,930	1.22%
14. BT Custodians Limited	6,299,218	1.20%
15. BT Custodial Services Pty Ltd (MFTP A/C)	5,624,066	1.07%
16. Franley Securities Pty. Limited	5,000,000	0.96%
17. Franley Holdings Pty. Limited	4,883,540	0.93%
18. Permanent Trustee Australia Limited (FIR0018 A/C)	4,162,484	0.80%
19. Permanent Trustee Australia Limited (FIR0020 A/C)	4,159,964	0.79%
20. Permanent Trustee Australia Limited (FIR0027 A/C)	4,140,286	0.79%
	338,423,454	**64.62%**

Voting Rights

At a meeting of members, on a show of hands every person present who is a member or representative of a member has one vote, and on a poll every member present in person or by proxy or attorney and every person who is a representative of a member has one vote for each share they hold or represent.

Distribution Schedule

Category	Number of Options*	Number of Option Holders	Number of Shares	Number of Shareholders	Percentage of Shares in Each Category
1–1,000			3,138,035	4,859	0.60
1,001–5,000			10,401,336	4,204	1.99
5,001–10,000			6,427,691	825	1.23
10,001–100,000	3,234,500	64	38,951,284	1,220	7.43
100,001–and Over	7,595,000	36	464,822,252	249	88.75
Total	**10,829,500**	**100**	**523,740,598**	**11,357**	**100.00**

* Issued under the Company's Executive Option Plans

47 Shareholders hold less than a marketable parcel of quoted securities.

Substantial Shareholders

The names of the Company's substantial shareholders and the number of ordinary shares in which each has a relevant interest, as disclosed in substantial shareholding notices given to the Company, are as follows:

Members of the Lowy family and associates – 164,380,239

Principal Mutual Holding Company and all its subsidiaries – 87,684,557

Westfield Holdings Limited

(Incorporated in New South Wales)
ACN 001 671 496

Financial Calendar

26 August 1999
Full year profit and dividend announced.

21 September 1999
Record date for final dividend.

30 September 1999
Final dividend payable.

11 November 1999
Annual General Meeting.

February 2000
Half-year profit and interim dividend announced.

March 2000
Shares trade ex-dividend.
Record date for interim dividend.
Interim dividend payable.

Annual General Meeting

Thursday, 11 November 1999 at 10am in the Perth & Sydney Room, The Wentworth, 61-101 Phillip Street, Sydney. A notice of meeting and a proxy form are included with this annual report.

DIRECTORY

Registered Office

24th Floor
Westfield Towers
100 William Street
Sydney NSW 2011
Telephone (61+2) 9358 7000
Facsimile (61+2) 9358 7077
Website www.westfield.com.au

United States Office

12th Floor
11601 Wilshire Boulevard
Los Angeles
California 90025
Telephone (1+310) 478 4456
Facsimile (1+310) 478 1267

New Zealand Office

Level 3
Downtown Shopping Centre
17-19 Customs Street West
Auckland
Telephone (64+9) 300 3265
Facsimile (64+9) 300 3267

Share Registry

National Registry Services Pty Limited
Level 1, Grosvenor Place
225 George Street
Sydney NSW 2000
Telephone (61+2) 9372 6060
Facsimile (61+2) 9372 6011

Queensland Register
National Registry Services Pty Limited
Level 26
123 Eagle Street
Brisbane Qld 4000
Telephone (61+7) 3308 7000
Facsimile (61+7) 3308 7002

ACT Register
National Registry Services Pty Limited
C/- Deloitte Touche Tohmatsu
Level 2, St George Bank Centre
60 Marcus Clarke Street
Canberra City ACT 2600
Telephone (61+2) 6202 7000
Facsimile (61+2) 6202 7001

Secretary

Craig van der Laan de Vries

Bankers

National Australia Bank
Commonwealth Bank of Australia

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